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SOURROUILLE SAYS ECONOMIC PLAN PROCEEDING WELL

PY171751 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 85 p 11

[Text] (NA-DYN) -- The first month of the government's anti-inflation plan was the subject of both a meeting of the socio-economic cabinet yesterday and an interview with Economy Minister Juan Sourrouille.

The four ministers present -- Sourrouille, Hugo Barrionuevo (labour), Aldo Neri (health), and Roberto Tomasini (public works) -- described the plan's results thus far as "optimal." The meeting, which lasted from noon until 3:40 pm, also considered government spending cuts but not the problem of frozen dollar deposits, Barrionuevo said afterwards. The only worry, he said, was the "restless" private sector, which had triggered off a wave of layoffs and suspensions.

Sourrouille told the daily TIEMPO ARTENTINO that the plan was proceeding "favourably" and that a plunge in real wages had been avoided thus far by not freezing wages and prices on the same date. It was vital that employment levels not fall, he stressed. Prices had not gone up, he said, and although the struggle against inflation was not over, everybody apparently understood that it was impossible to co-exist with hyper-inflation. The maximum price system would be perfected, he said.

Sourrouille gave much of the credit for the success to the sliding scale for converting pesos argentinos into australs. The government's promise not to print money deprived it of flexibility but removed one of inflation's main causes, he said. However, he added, the budget deficit was not the only culprit for inflation.

The economy minister refused to put a date on reactivation, saying it was the one thing the government could not decree.

Meanwhile, Treasury Secretary Mario Brodersohn praised the provinces for their "understanding" of the cuts in their portion of federal revenue-sharing and confirmed that the government had not printed any money since the outset of the reform plan.

Finally, more details appeared in the business daily CRONISTA COMERCIAL on the forthcoming 1985 budget, which will be submitted to Congress by next Monday at the latest according to Lower House Budget Committee Chairman Jesus Rodriguez (Radical-Capital). Expenditure will be 41.6 percent and revenue 37.6 percent of a gross domestic product (GDP) of 60 billion (thousand million) dollars with the deficit 2.5 percent of GDP in the second half of the year. Government capital investment is to be 6.6 percent of GDP, down from 7.17 percent of the 1984 GDP which was ten billion dollars larger. The inflationary hypothesis is 343.1 percent with three percent predicted for July and one percent for all other months.

TIEMPO yesterday carried an inflation estimate of the Institute for Economic and Social Policy (IPES), showing that in the middle of July prices were only 0.5 percent up on the beginning of month and 4.3 percent higher than the equivalent period of June, with housing up 13 percent and health care 10.2 percent.

LABOR MINISTER URGES ACTION AGAINST TAKEOVERS

PY180105 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 85 p 1

[Text] (NA-DYN) -- Labour Minister Hugo Barrionuevo said yesterday the government hopes the courts will draw the line between legal and illegal workers' protests in an effort to curb factory take-overs.

The minister said the government "is hoping for a court ruling which establishes limits on the right to strike because some argue that a factory take-over is no longer a crime."

Ford Motor Argentina, meanwhile, stated that a possible means of reducing its "excess" of 800 workers might be "voluntary retirement or partial suspensions for blue- and white-collar personnel."

Elsewhere on the strike front, the 165,000-strong Bank Clerks' Association (AB) and the 100,000-strong Railway Union (UF) announced separate battle plans to protest bank closures and railway retirement benefits. The AB is to start two to three weeks of regional strikes as of Friday, while the UF said its members would begin work-to-rule measures next week.

Barrionuevo yesterday warned that workers' rights were limited to strike action, saying they "must not go beyond that." Occupations "are simply taking private property that belongs to employers," he told reporters after yesterday's socio-economic cabinet meeting. "A company is a private good and thus at the disposal of employers," the minister said. His plea to the courts included a call for the legal system "to stop those sectors which recently have made factory take-overs look like everyday events."

The minister yesterday evening charged that "political sectors are using strikes and take-overs for their own ends," but he also blamed businessmen for being responsible for layoffs, accusing them of going against the government's anti-inflation plan. He also claimed that "soup kitchens" -- a common sight of strike areas -- "are not set up by workers." Faced with this reality "the government will not lower its guard," the former unionist said.

Ford, itself coming off a 19-day occupation by workers which ended last Sunday, yesterday said 1,200 white-collar employees have returned to work while 300 assembly line men are to do so tomorrow to get production back on track. Company spokesman Alberto Salem added that all staff would be paid for days worked in the second half of June as of tomorrow. Asked if worker sanctions might follow, Salem only said: "The dispute is not over -- only the occupation is over." Ford workers, meanwhile, announced a march on Government House tomorrow at noon to continue their protest to rehire 33 fired men.

In Rosario, the local CGT [General Confederation of Labor] announced a half-day strike for Friday to protest "the wave of layoffs" and to demand job security. But in Tucuman, workers postponed their provincial strike at least until Monday after the government said federal help might be on the way to finance this year's sugar crop. Workers there had planned a 24-hour strike for today.

CENTRAL BANK MEASURES ON CREDIT, INTEREST RATES

PY171732 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 85 p 3

[Text] (DYN) -- The Central Bank on Monday raised its telephone rates (letras telefonicas), instructed Banco de la Nacion to temporarily refrain from operating on the inter-bank lending market, raised minimum reserve requirements on non-regulated deposits, ordered banks to keep 15 percent of their non-regulated deposits in the form of letras [treasury bills], and raised the unusable deposit (deposito indisponible) on regulated accounts from 50 percent to 60 percent. The Central Bank measures are designed to tighten credit and raise interest rates on the non-regulated market, drawing investors away from the black dollar market. Dollar prices have fallen 5.43 percent since Monday.

JUSTICIALIST PARTY PROCLAIMS NATIONAL COUNCIL

PY171741 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 85 p 11

[Text] (NA-DYN) -- The new Justicialist Party National Council was proclaimed last night in the Boxing Federation building during a rally attended by CGT [General Confederation of Labor] Secretary-General Saul Ubaldini, ex-President Arturo Frondizi and Governors Ramon Saadi of Catamarca, Roberto Romero of Salta, and Adolfo Rodriguez Saa of San Luis. Ubaldini repeated his controversial statement that the government "would have to change its policies or go," while First Vice-President Vicente Saadi said "the illegitimate part of the foreign debt will not be paid and the legitimate part will not be paid by starving the workers."

Crowd estimates ranged between 2,000 and 5,000 with many plastic workers in attendance -- the union of Second Vice-President Jorge Triaca. The meeting began late at 7:50 pm.

There were frequent drumbeats and shouts of "Isabel". There was talk at the rally that the Council would intervene the Buenos Aires branch of the party.

The 62 Organizations yesterday threw its support behind the new leadership.

Leaders of the rival Rio Hondo sector are to meet at 6 pm today to decide their strategy for the November 3 congressional elections. In a press conference yesterday Santa Fe Deputy Ruben Cardozo said the 43 deputies aligned with the Rio Hondo would act independently in Congress, choosing its own criteria and allies. Cardozo said: "We should take on the Radicals and not each other."

The anti-leadership Green List linking Deputy Miguel Unamuno and Peronist Youth leader Juan Carlos Dante Gullo will be taking over the Boxing Federation today to wind up their campaign for Sunday's primaries in the capital. But the powerful Committee of 25 labour grouping yesterday endorsed the Blue and White List, a rival reform grouping headed by Carlos Grosso.

The two leaders and Peronist Deputy Julio Barbaro yesterday met Christian Democrat, Authentic Socialist, Communist National Leftist and Movement towards Socialism (MAS) leaders to discuss an electoral alliance. Barbaro said the new leadership had achieved the "mission impossible of being to the right of the government."

FORMER ARMY COMMANDERS REFUSE TO TESTIFY

PY171733 Buenos Aires BUENOS AIRES HERALD in English 17 Jul 85 p 11

[Text] Rawson, (NA-DYN) -- Former Fifth Army Commanders Osvaldo Azpitarte and Acdel Vilas yesterday refused to testify before Federal Judge Roberto Beltran Mulhall in various cases involving torture and murder in the local prison. Both retired generals refused to recognize the judge's jurisdiction.

BRIEFS

BANK, LOAN ASSOCIATION CLOSURES -- Buenos Aires, 2 Jul (TELAM) -- The Central Bank of the Argentine Republic (BCRA) today announced that the Unicor Cooperative Bank Ltd and the San Fernando Cooperative Loan Association Ltd were liquidated. [Excerpt] [Buenos Aires TELAM in Spanish 2312 GMT 2 Jul 85 PY]

BANZER CALLS FOR NEW POLITICAL ACCORD

PY171508 Paris AFP in Spanish 1312 GMT 17 Jul 85

[Text] La Paz, 17 Jul (AFP) -- The Nationalist Democratic Action (ADN) party has reported that presidential candidate Hugo Banzer Suarez has called upon all national left-wing and right-wing parties to enter into political accord to guarantee the democratic progress. Banzer is the candidate who has received the majority of votes, according to unofficial vote counts.

Banzer Suarez, de facto president from 1971 to 1978, said that the people's performance in the elections had been exemplary and thanked the Bolivian people for the support they gave him through their votes and participation. Several days ago Banzer proclaimed himself winner of the presidential elections, on the strength of data collected and projections made by his party, and added that he will implement the government program which he outlined during his electoral campaign in order to overcome the serious problems the country is facing.

So far, the National Electoral Court has been moving very slowly in their vote count, and several news networks have been releasing unofficial votes which show that Banzer is ahead with 35 percent of the votes while runner-ups Victor Paz Estenssoro of the Nationalist Revolutionary Movement (MNR) has 28 percent and Jaime Paz Zamora of the Movement of the Revolutionary Left (MIR) has 10 percent.

It has been officially announced that credentials will be issued to the newly elected lawmakers on 2 August and that this Congress will be in charge of appointing the new president since no candidate has attained an absolute majority.

SLOW ELECTION VOTE-COUNT CREATES UNCERTAINTY

PY172314 Paris AFP in Spanish 1821 GMT 17 Jul 85

[By Oscar Paz]

[Text] Observers indicated here today that the maddening slowness with which the Bolivian Departmental Electoral Courts are carrying out the vote count of the 14 July elections could generate an atmosphere of uncertainty and a lack of confidence in the new president, who will be elected by Congress before 6 August.

The election of the president by Congress is now unavoidable, because none of the candidates has obtained a clear majority in the direct elections.

Moreover, this same slowness has caused Hugo Banzar Suarez, the leader of the Nationalist Democratic Action (ADN), to proclaim himself the winner of the elections, which has provoked an angry reaction from the Nationalist Revolutionary Movement (MNR), which has Victor Paz Estenssoro as its presidential candidate. According to its own projections and making reference to important media organizations, the ADN has given assurances that it will obtain between 36 and 40 percent of the votes and that Paz Estenssoro will not even get 27 percent.

Guillermo Bedregal Gutierrez, the MNR's campaign chief, has indicated that up to the present time, Banzer has gotten 34.4 percent of the votes, while Paz Estenssoro has 31.07 percent. This means that there is only a difference of 2.97 percent between the two rivals and this difference could be reduced when the vote count from the rural areas, where the MNR generally holds an advantage, is completed.

He also noted that Paz Estenssoro has won in all the country's mining centers and that the poor and marginal people of Bolivia have given him their support, while the nouveau riche, the new oligarchy, and the middle class in the large cities, which have been convinced by a propaganda campaign that cost millions, have given their support to Banzer.

The lack of confidence regarding the election results has become even more serious since an official of La Paz Electoral Court, Adolfo Soliz, charged that there had been irregularities in 95 percent of the ballot boxes of that district. Soliz charged that it has been proven that young people of 13 or 14 years of age, who, curiously, had been provided with wedding certificates, had voted at several polling stations.

If the vote-count continues with its current slowness, it is highly probable that the final result will not be known until 2 August, the day on which the new congressmen must receive their credentials. Once installed, the congressmen will then proceed to elect the head of state.

Curiously, it has been determined that only two ballot boxes per hour are counted at the La Paz Departmental Electoral Court, which will make it very difficult to have the final results in by 2 August.

The employees of the Santa Cruz Departmental Electoral Court have decided to return to work after a 24-hour strike demanding the payment of their salaries, which they have not received for 2 months.

The Movement of the Revolutionary Left (MIR) appears to be consolidating its third place. This party is headed by Jaime Paz Zamora. Up to now, it has obtained 10 percent of the overall non-official count. This position will allow the MIR to act as arbitrator in Congress and thus determine with its votes who will be the next president.

In this respect, Paz Zamora has constantly indicated that his party will support the democratic process and that it will respect the decision of the majority, thus he is presumably going to throw his support behind Banzer. Moreover, it has been learned in political circles that some MNR sectors, especially those linked to private business, are willing to vote in Congress for the ADN leader to preserve democracy and because they basically have the same ideas regarding the economy. But, what is certain is that if matters continue as they are, it will be very difficult to count on a new president on 6 August, independence day.

PDC DENIES MAKING DEALS WITH OTHER PARTIES

PY180208 La Paz Cadena Panamericana in Spanish 1700 GMT 17 Jul 85

[Text] The Christian Democratic Party [PDC] has not promised its vote in Congress to any of the parties that are leading in the vote count of the 14 July elections. This was stated during a press conference that the PDC held. Leader Benjamin Miguel Harb was the party's spokesman.

[Begin recording] In the first place, my party has not had any talks with any other party since the elections and we will not hold any talks until we know the final results of the election.

In the second place, we, in our political behavior, [words indistinct] and in this respect my party will give its vote to the party that is closest to democracy in this country, and above all, the party that has a great social perspective.

I flatly deny reports that the PDC has committed its vote to any of the fronts. This is the fruit of someone's imagination, because the party has not held any meetings and it has not arrived at a decision on this matter. We are waiting for the final results. [end recording]

This is the position that has been adopted by the PDC, which has denied reports that it has sold its support to a certain party that is leading in the vote-count.

What is evident up to now that the new president will be elected by Congress, which must meet on 2 August, in accordance with the nation's laws.

CAMPESINO MINISTER SCORES ELECTORAL COURT

PY180219 La Paz Radio Illimani Network in Spanish 1700 GMT 17 Jul 85

[Excerpt] Agriculture, Campesino, and Livestock Affairs Minister Guillermo Moscoso has stated that the country's political problem regarding the elections was caused by the National Electoral Court because it did not allow the country's peasants access to the elections.

[Begin Moscoso recording] I tell you quite frankly that my opinion is that the National Electoral Court must take responsibility for not having registered approximately 1 million inhabitants from the rural areas. It is very regrettable that this situation was not investigated and rectified, thus preventing peasants from being left out.

I have continuously asked to resolve this situation. [end recording]

INTERIOR MINISTER NAMED INTERIM FOREIGN MINISTER

PY172352 La Paz Cadena Panamericana in Spanish 1700 GMT 17 Jul 85

[Excerpt] Gustavo Sanchez, interior minister and interim foreign minister, has spoken to the press. He first stated that on the instructions of the president, he is holding the post of interim foreign minister.

[Begin recording] [Sanchez] The president has signed a supreme decree naming me interim foreign minister.

[Reporter] [Words indistinct] the necessary contacts at the level of the Foreign Ministry for the inaugural ceremony?

[Sanchez] We have already initiated all the necessary measures pertaining to the inaugural ceremony. We are making preparations for 6 August, when at 1500 President Hernan Siles Zuazo will hand over the presidency to whoever has been democratically elected as president. [end recording]

BRIEFS

ROK COMMISSION MEETING ENDS -- The first meeting of the Bolivian-ROK joint commission ended with the signing of a technical and economic aid treaty. During the meeting, which was held in La Paz, the delegations of the two countries agreed to promote trade and exchange. [Summary] [La Paz Cadena Panamericana in Spanish 1130 GMT 13 Jul 85 PY]

SARNEY, GOVERNORS MEET; ISSUE JOINT COMMUNIQUE

PY180245 Brasilia Domestic Service in Portuguese 2200 GMT 17 Jul 85

[Text] President Jose Sarney's meeting with the state governors at the Alvorada Palace has just ended. The president gave the opening speech and was followed by Finance Minister Francisco Dornelles, Planning Minister Joao Sayad, and all the governors in turn. As the meeting ended, Presidential Press Secretary Fernando Cesar Mesquita read a joint communique signed by the governors.

[Begin recording] Considering that the national unity, which was established to elect Tancredo Neves and Jose Sarney, was essential to the democratic transition in the country, conscious that unity among the nation's representative forces at this historical moment is indispensable for consolidating democracy and for reaching a national accord to support measures fundamental to the nation's future, the state governors express their solidarity with the performance of President Jose Sarney, especially in the execution of the following basic measures:

1. Reestablishment of direct elections at all levels, and the calling for a national constituent assembly.

2. Negotiating the foreign debt without sacrificing economic growth and national sovereignty.

3. Establishment of an economic policy to fight inflation and setting social priorities to discourage financial speculation and stimulate investment in productive projects to generate development and create employment.

4. Implementation of agrarian reform by implementing the statute of the land.

5. Promotion of tax reform to ensure a more equitable distribution of the gross domestic product and to strengthen the states and municipalities.

Above personal and party differences, we call on all Brazilians to unite in defense of these measures as well as others that are indispensable for the consolidation of democracy and the resumption of socially oriented development. [end recording]

The main point on the agenda was the government's economic policy. According to Press Secretary Mesquita, all the governors understood the difficulties the country is facing and decided to support the measures adopted by President Sarney.

MILITARY AT PLANALTO PALACE CREATE PETTY PROBLEMS

PY160338 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jul 85 p 3

[Excerpts] One of President Sarney's assistants, who suffers from kidney problems, some days ago asked the Planalto Palace catering service for a cup of tea. Tea is only served on Fridays, responded the military officer in charge of that service. Another member of the presidential team, former Deputy Celio Borja, also found out that "to get a piece of piece of paper or an eraser here, one must ask a major for it."

Such complaints are being made to Civilian Cabinet Chief Jose Hugo Castelo Branco and to the president himself. But the government wants to treat the problem with tact and prudence to avoid frictions and to prevent any such frictions from being politically exploited. Military Cabinet Chief General Bayma Denys is aware of the situation and will try to make accommodations gradually.

It is difficult to change a palace structure that dates back 20 years because the number of military officers occupying key positions is large. For example, the military cabinet has 47 military officers, including colonels and generals, whereas the civilian cabinet only has 19 members. Eight military officers occupy high positions in the National Intelligence Service and 43 are assigned to the National Security Council.

MILITARY HOSPITALS TO PROVIDE CARE DURING STRIKE

PY180300 Brasilia Domestic Service in Portuguese 2200 GMT 17 Jul 85

[Text] Military hospitals will provide people with medical care while hospitals of the social security system are on strike. As long as the hospital strike lasts, the military hospitals will provide medical care for everyone covered by social security insurance. Social Security Minister Waldir Pires has made this arrangement with the Army minister, the Navy minister, and the Air Force minister.

[Begin recording] I was with the Navy, and Air Force ministers this morning to ask for their support, including use of installations, personnel, and medical assistance, in all those states where the social security hospitals are on strike. I received their immediate support for carrying out the task that is really the responsibility of the Social Security Ministry. [end recording]

Asked about the death of a woman in Sao Paulo and of a child in Rio de Janeiro, the social security minister said:

[Begin recording] We are investigating these cases to find out whether assistance was denied. Denying medical assistance, I have already said, is a crime, a problem of criminal law. Whoever refuses to give medical assistance commits a crime and must be punished. [end recording]

GOVERNMENT TO REVIEW NUCLEAR AGREEMENT WITH FRG

PY160236 Rio de Janeiro O GLOBO in Portuguese 12 Jul 85 p 17

[Text] Mines and Energy Minister Aureliano Chavez yesterday announced that the Brazilian nuclear program and the construction of more than five nuclear plants, established in an agreement with the FRG, will be reviewed by a high-level commission made up of representatives of the government and the Brazilian scientific community.

After meeting with President Jose Sarney at Planalto Palace, Aureliano Chavez reported that the nuclear program will be reexamined in view of the country's economic situation.

The commission, to be established in the next few days, will be coordinated by the Mines and Energy Ministry and will have 120 days to make the study. According to the mines and and energy minister, one point has already been decided: The investment in the nuclear program will be reduced but the Angra II and III nuclear plants must be concluded.

HONDURAN GENERAL RELEASED FROM PRISON

PY172157 Buenos Aires REUTERS in Spanish 0208 GMT 17 Jul 85

[Excerpts] Santiago, 16 Jul (REUTERS) -- Honduran General Jose Bueso, who was accused of taking part in a conspiracy to overthrow his country's president, was released today after the Chilean courts denied his extradition, which had been requested by the United States.

"I thank God for having given me the necessary patience to endure 8 and 1/2 months in prison," Bueso said at the conclusion of his trial, which began with his arrest in November 1984, when he was seeking asylum in the Paraguayan Embassy in Santiago.

His lawyers today released a statement to the press flatly denying that the extradition writ contained a charge of drug trafficking to finance the plot. The statement also says that the decision was handed down by the Chilean courts because there was no evidence to prove him guilty, even though the charges that were brought against him could be considered as crimes in this country. The statement also says that "the incidents that have been filed as criminal charges by the grand jury of the Federal District Court of the Southern Florida District...cannot be considered attempted homicide."

Bueso was his country's military attache to Chile when he was accused by the U.S. Government, which submitted an extradition writ 2 months [after Bueso's arrest].

Bueso told reporters that despite this trial he remains a Honduran general until his country informs him otherwise. The general, who has always maintained that he was innocent, added that he will reside in Chile.

JUNTA GRANTS AUTHORIZATION FOR 'UNITAS' MANEUVERS

PY170320 Santiago Domestic Service in Spanish 2300 GMT 16 Jul 85

[Text] The government junta has granted the authorization requested by President Augusto Pinochet to allow the docking of ships of the U.S. Navy that will participate in the 34th "Unitas" exercises. These maneuvers will be carried out between Antofagasta and Punta Arenas from 13 August through 13 September.

ECONOMY MINISTER ON SALARY HIKES, UTILITY RATES

PY170324 Santiago Radio Chilena in Spanish 2330 GMT 16 Jul 85

[Text] Economy Minister Modesto Collados today confirmed that the government will make salary readjustments for civil servants and retirees, adding that the government will not allow public utilities price readjustments.

[Begin recording] [Reporter Carlos Alberto Silva] The government, and especially the Economy Ministry, will not permit excessive hikes in public utilities rates, said Economy Minister Modesto Collados, who also stated that there will be no inflationary pressure in the coming months. In a press conference, the minister noted that two things about which the authorities are most concerned are controlling inflation, which affects the country's poorest sectors, and creating jobs. Radio Chilena told Minister Collados that the labor sectors are discouraged by the lack of readjustment in salaries, considering the increase in the cost of living.

[Collados] The inflation rate for the rest of the year is expected to be low and so real salaries will not suffer important losses until January 1986. Therefore, there will be readjustments on salaries and retirees' pensions at that time. This is looking a little too far ahead, but the idea in general is that the public sector and the retirees will have readjustments in January, as they have had in previous years.

[Silva] Minister, the public is constantly concerned about readjustment to public utilities rates.

[Collados] We do not expect to have inflationary pressures during the rest of this year from these companies. In general, control is not necessarily the word, bu we are aware of what these companies are doing. Because they are state-run enterprises we will, of course, not allow excessive or unjustified increases in public utilities rates. In the specific case of drinking water, we have already said that there will probably be a change in rates, but this will be justified. The number of projects to be implemented in the sanitation sector, drinking water, and sewage is such that the consumers will have to support it with slightly higher rates.

[Silva] Then Minister Collados said wages must be raised as unemployment at the national level, which is currently 12.8 percent, is reduced. According to the minister, from March to May of this year there was an increase of 40,000 jobs over the same period last year, and 360,000 new jobs are expected during 1985-87. Answering several questions, the minister said the current customs fees, which are one of the productive sector's concerns, will remain at 20 percent. He added that timely measures will be taken to protect national production whenever it is being hurt by subsidized imports. [end recording]

ECONOMIC REPORT SHOWS DECREASE IN EXPORTS

PY162113 Santiago Radio Chilena in Spanish 2300 GMT 15 Jul 85

[Text] The latest Central Bank economic and financial report notes that there has been a substantial drop in mining and industrial exports during the first 5 months of the year. The report states that mining exports decreased by 51 percent while industrial exports fell by 27 percent between January and May 1985. According to the Central Bank, exports decreased because of a decrease in mineral shipments and because of low prices for products such as copper, gold, silver, cellulose, fishmeal, molybdenum and other products.

Despite the worrisome drop in exports, Central Bank authorities reported a balance of trade surplus of $381 million, which surpassed the accumulated balance of trade for the same period last year by $338 million. In its report, the Central Bank notes that Chilean imports fell by 7.3 percent in comparison with the first 5 months of 1984.

Another economic indicator about which there is some concern is the balance of payments, which recorded an accumulated deficit totaling $413 million, although there was a slight improvement in May. Central Bank authorities concluded that the prospects are good regarding the cost of living index because there is no indication of inflationary pressure and everything indicates that the inflation rate will fall to 30 percent by the year's end in keeping with the authoritites' estimates.

ORGANIZATIONAL LAW APPROVED FOR ELECTORAL COURT

PY171342 Santiago Radio Chilena in Spanish 2230 GMT 16 Jul 85

[Excerpts] The government junta has approved the constitutional law regarding the organization of the electoral qualifications court [tribunal calificador de elecciones]. Reporter Osvaldo Yanez has more on this from Government House:

[Begin report] The bill was drafted by the Council of State and by the advisory commission for reviewing constitutional laws. The executive branch introduced only minor formal changes in the law. The text proposed to the legislative branch by President Augusto Pinochet is based on the articles of the Constitution and the laws enacted under the 1925 constitution. [end report]

Party Leaders React

PY180331 Santiago Radio Chilena in Spanish 2330 GMT 17 Jul 85

[Text] Gabriel Valdes, president of the Christian Democratic Party [PDC], today said that the law regarding the organization of the electoral qualifications court has no meaning because it does not represent any progress toward democracy.

Valdes pointed out that this type of law has no meaning because it was approved under a Constitution we have all considered antidemocratic, lacking in the people's support, and not representative of any progress toward a democratic transition. Valdes added that political laws are either promulgated with the support of the people or they do not have any value.

Jaime Tormo, a leader of the Radical Democratic Party, has labeled the approved of the law as an important and positive event. He said the decision by the legislative branch is a legal instrument under the current Constitution.

Fernando Maturana, leader of the National Union, said the approval of the law is relatively useful. He added that the law will not go into effect until the government approves the political parties law. Maturano said he is sure this law presents few doctrinal or political problems.

PDC'S CASTILLO ANSWERS LETTER ON PARTY POSITION

PY170142 Santiago Radio Chilena in Spanish 1700 GMT 17 Jul 85

[Text] We are abiding by the Constitution in order to change it, said a headline in today's LAS ULTIMAS NOTICIAS. This statement summarized the thoughts of Jaime Castillo Velazco, vice president of the Christian Democratic Party [PDC] and president of the Chilean Human Rights Commission.

In a letter published by EL MERCURIO yesterday, Castillo answered questions addressed to the PDC in the same newspaper by Pedro Ibanez, former senator and former member of the Council of State, who is now involved in the task of setting up a bloc of rightist forces.

In his reply to a question posed by Pedro Ibanez, Castillo said: As a citizen, I reject the political meaning of the 1980 Constitution, whether or not the PDC is willing to act within the current legal and judicial system. By asking that question, said Jaime Castillo, Ibanez is lapsing into contradiction. As a state councilman, he voted against the Constitution, and as a citizen he is now promoting the return to democracy. Is this not also a position against the 1980 Constitution, asked Castillo.

Castillo said: The PDC acts within the institutional order but we want to change it. We are acting without violence and our goal is a society based on respect for human rights. Pedro Ibanez asked if the PDC is willing to reach an agreement with the right. Castillo replied: We are willing to reach agreement with the right to return basic liberties to Chile. We are against justifying, prolonging, or maintaining the authoritarian system. An agreement does not imply a political pact or a commitment to the government. It means working so that the Chilean people can decide their destiny, and so they can also judge who is serving the country and who is not. Castillo's reply in this regard was logically more extensive.

Castillo also answered Pedro Ibanez' questions on the PDC's relations with the communists, whether the PDC accepts or rejects them. He said: We Christian Democrats defend the right of any communist to be a person and recognize the fact that this is a group which has influence in the country. Communists have been persecuted and placed in a dramatic situation individually and collectively. Castillo added: We do not have a political alliance with communists or advocate communist ideas or methods. We want them to work for the return of democracy in Chile.

At the conclusion of the letter, Jaime Castillo asked Pedro Ibanez some questions. He asked if Ibanez would always be willing to defend individual rights or would he act according to who is being persecuted and who is the persecutor. Castillo added: When Ibanez talks about democracy is he referring to its social and political consequences, or only to a guarantee for the economic system of the right? Asked about his letter, Castillo said:

[Begin recording] I sent the letter because I thought Ibanez' questions were very good and because this is an issue that should be answered from the point of view of the PDC and of a democrat in general. I believe this is a dialogue, a conversation, which does a great deal for the reestablishment of democracy, and this is why I thought it was necessary to answer it. [end recording]

Jaime Castillo, a man who defended his right to live in Chile and resisted the police action that expelled him from his country, knows how to express feelings and to represent Chilean rights.

FURTHER ON 10 JUNE 'ROCKET' ATTACK ON PALACE

PY172105 Paris AFP in Spanish 1608 GMT 17 Jul 85

[Text] Santiago, 17 Jul (AFP) -- The Santiago newspaper ULTIMAS NOTICIAS reported today that one or two rockets could have hit the Chilean Presidential Palace on 10 June 1985, in an attack which fortunately was frustrated. The newspaper added that the rockets were mounted in a room at the Hotel Carrera, less than 100 meters from where President Augusto Pinochet works almost daily. Without stating whether or not Pinochet was in his office, the report stated that the rockets lacked sufficient power to penetrate the thick outer walls of La Moneda Palace, and there were no casualties.

According to the newspaper, which attributed the attack to communist militants, the rockets were to have been fired at 3-minute intervals from a front window of the hotel, on a 45 to 50-degree angle from La Moneda Palace's northern side. But the first rocket went astray and exploded in the room. The explosion destroyed the other rocket.

Appraisals have established that in view of the supposed trajectory, the impact would not have been where the ministerial cabinet usually convenes but in an area sometimes occupied by the chief of the National Intelligence Center, the Chilean secret police, the newspaper added. The Santiago newspaper said the rockets had a timer mechanism, which allowed the two extremely nervous or extremely inexperienced executioners to escape ahead of time.

An official report on the explosion stated that the hotel room was leased by a man and a woman using false identification cards. The couple gave as their home address the number and street of another Chilean presidential palace in Vina del Mar. The government reports did not refer to the rockets, only to the explosion of terrorist bombs.

On the same day 10 June, the clandestine Manuel Rodriguez Patriotic Front [FPMR] telephoned Santiago news media and claimed responsibility for the attack. The FPMR is considered by the military government to be an armed branch of the Communist Party. According to ULTIMAS NOTICIAS, the existence of the rockets had been confirmed later by General Pinochet himself in an interview he granted to a representative of Peruvian President-elect Alan Garcia.

EPL DEMONSTRATION LEADS TO CURFEW, DRY LAW

PA171801 Bogota Cadena Radial Super in Spanish 0000 GMT 16 Jul 85

[Excerpt] Narino -- The municipality of San Pedro de Uraba, in the Uraba region, is under a curfew and dry law due to incidents this weekend, following a demonstration by the Popular Liberation Army [EPL] in which Army 2d Sergeant Dario Cano Sepulveda was shot in the street. Some hours later, the bullet-ridden bodies of alleged EPL informers Bernardo Franco and Argemiro Giraldo were found. They were shot by the Army while trying to escape, according to reports circulating in Medellin.

Mayor Arnulfo Padilla of San Pedro de Uraba has said that there is tension among local people due to incidents that occurred last Saturday after an EPL demonstration. It should be noted that one of the individuals killed by the Army, Argemiro Giraldo, was treasurer of the Farmworkers Union of the Uraba region, which incidentally had its legal status suspended by the government for 6 months due to its participation in the strike of 20 June.

CHURCH OCCUPANTS DEMAND LAND FROM GOVERNMENT

PA121638 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 11 Jul 85

[Text] Medellin -- Forty-eight hours after the occupation of the Chigorodo Church, the situation remains the same as the 400 people who are demanding land to build houses for their families are still there. Father Gerardo Arango, auxiliary priest of the Chigorodo parish, said that the priests have adopted a prudent position, and are opposed to the violent dislodging of the occupants by police.

Mayor Antonio Mazo has been in contact with leaders of the movement, many of whom belong to the Democratic Front. Meanwhile, the situation inside the church has become difficult in view of the precarious sanitary conditions that prevail there.

BRIEFS

COCAINE, MARIJUANA SEIZURES -- Bogota, 15 Jul (DPA) -- The Colombian Anti-Narcotics Police announced today it has seized in various parts of the country 2,500 kilograms of cocaine so far this year. They also said that during the same period, they have seized 1,600 tons of pressed marijuana and 326 kilograms of cocaine paste. As a result of these actions, 420 persons have been arrested and 76 illegal landing fields have been destroyed. Most of the strips were situated in the La Guajira Peninsula and along the border with Brazil. [Summary] [Hamburg DPA in Spanish 1956 GMT 15 Jul 85 PA]

OFFICIALS, OTHERS TO ATTEND CUBAN DEBT MEETINGS

PA170441 Quito Voz de los Andes in Spanish 1130 GMT 16 Jul 85

[Text] Ecuadoran politicians, economists, and intellectuals have been invited to Cuba to attend the meetings to discuss the foreign debt. There will be several meetings, but the most important will be held on 30 July.

Meanwhile, other important meetings -- the Third World journalists forum and a meeting of trade unions of all political orientations -- are taking place in Cuba.

We have learned that Edgar Ponce, president of the Constitutional Guarantees Tribunal and former director of the Confederation of Ecuadoran Workers; Fausto Duran of the United Workers Front; (Mesias Tareno) of the National Federation of Peasant Workers; and other labor leaders are attending the trade union meeting. Felipe Burbano, a socioeconomic analyst for the newspaper HOY, and columinst Juan Cuevas are attending the journalists forum.

Liberal Party Deputy Alvaro Perez Intriago, who received President Fidel Castro's invitation to the Third World journalists forum, has extended the invitation to other Ecuadoran personalities.

Meanwhile, President Leon Febres Cordero said Ecuador will send an official delegation but ruled out any possibility of going to the meeting himself.

ENERGY MINISTER ON OIL PRODUCTION, PRICES

PA170235 Quito Voz de los Andes in Spanish 1130 GMT 16 Jul 85

[Text] Xavier Espinosa, Ecuadoran natural resources and energy minister, said that OPEC is basically trying to maintain prices:

[Begin recording] It is going to be hard for OPEC to keep production at the current levels. Countries that are not members of OPEC have already reduced their production, thus assuming a realistic attitude of the situation. However, the countries that depend mainly on oil as a source of income should try by all means to maintain prices as high as possible. [end recording]

Espinosa also said Ecuador will request at OPEC's next meeting a production quota of 283,000 barrels, which represents a realistic policy for our country's economy:

[Begin recording] It has to do with a practical Ecuadoran production quota. Ecuador is currently producing 283,000 barrels. This is the minimum amount we must produce to meet the country's needs, not just to pay debts and interests, and it is also the minimum needed to import foodstuff and capital goods and to develop sectors other than oil. [end recording]

Finally, Energy Minister Espinosa reiterated Ecuador's interest in OPEC's next meeting:

[Begin recording] We have to continue exporting. For long-term contracts we will try to establish official prices after the OPEC meeting. Several clients have asked for a price revision, but so far the Commercialization Committee has not made a decision. [end recording]

LIBERAL PARTIES REJECT LOAN FOR CEMENT INDUSTRY

PY171805 Asuncion HOY in Spanish 17 Jul 85 p 8

[Text] Last night, the two opposition blocs in the Chamber of Deputies issued a communique to explain why they did not attend yesterday's special chamber session. The Liberal Party [PL] and the Radical Liberal Party [PLR] explained their absence "as a sign of protest against a draft bill for a National Cement Industry [INC] loan contract."

"The notorious fraud," the communique says, "of the current INC administration, which has been denounced so many times in congress and which has continuously been ignored by officialism, forces us to adopt this attitude." The note adds that "as long as citizens do not receive a detailed report on such an immense investment, which represents a daily increase of our foreign debt, the opposition blocs, faithful to their relentless principle of defending the interests of the people, have decided not to support with their presence the aforementioned loan contract for the INC. The note further states that the fact that there has not been any intervention of the INC is incredible."

Finally, the joint PL and PLR note states that "the position adopted by the Paraguayan liberal blocs demonstrates their constant effort to establish a democratic control over the administration of national interests as the only way to put an end to the administrative corruption in the country."

When questioned about this issue, PLR leader Aniano Denis Estigarribia replied that everything concerning loans "is currently unbearable because the consequences will in the end fall on the working people who are the most unprotected class. By adopting this decision, the opposition is demonstrating its rejection of these types of abuses."

NEW CATHOLIC MAGAZINE JOURNALIST ARRESTED

PY171228 Madrid EFE in Spanish 0148 GMT 16 Jul 85

[Text] Asuncion, 16 Jul (EFE) -- The Paraguayan police have arrested journalist Edwin Britez, who works for a new magazine under the direction of Bishop Melanio Medina. Britez, 34, was arrested this afternoon by plainclothesmen of the Investigative Department at his parent's residence, relatives told EFE.

Sources of the new magazine, called NUESTRO TIEMPO, have indicated that Britez' arrest could be tied to the fact that the monthly has been put into circulation without the compulsory Interior Ministry permit. Britez was named in the magazine as the coordinator general while the director is Bishop Medina, well known for his progressive stand within the Catholic Church.

Britez used to work for ABC COLOR, a newspaper that General Alfredo Stroessner's regime closed down 15 months ago, and he also has a column in SENDERO, a biweekly publication of the Paraguayan Episcopal Conference (CEP).

Held Incommunicado

PY171603 Asuncion HOY in Spanish 17 Jul 85 p 8

[Text] Yesterday, plainclothesmen arrested journalist Edwin Britez and took him to the Investigations Department of the Metropolitan police, where he was still under arrest and incommunicado when this issue went to print. The motives of the arrest are unknown.

In the course of another operation the police raided the El Grafico printing shop at Paraguari and Tercera Streets but no arrests have been reported.

The Paraguayan Journalists Union last night released a communique on the arrest of its member Edwin Britez. The communique stated that the lawyer hired by Britez' wife was told that Britez "has been detained in order to have a chat with Pastor Coronel, chief of the Investigation Department." The lawyer was also told that the detention is related to the new magazine NUESTRO TIEMPO. The communique also stated its solidarity for the arrested member and his relatives and voiced its concern over these intimidatory procedures which jeopardize journalists' personal security, work, and freedom of expression.

MARIJUANA 'KING' ARRESTED; DRUGS DESTROYED

PY162049 Asuncion EL DIARIO in Spanish 13 Jul 85 pp 10, 11

[By Pedro Ferrari and Fermin Silva]

[Excerpts] Pedro Juan Caballero -- In another spectacular action against drug trafficking, a marijuana "king" has been arrested and 3,600 kg of packed marijuana and approximately 10,000 kg of green marijuana branches have been destroyed. The operation was conducted on 12 July.

As a result of an investigation that had been under way for some days, personnel from Regional Directorate No 1 of the Anti-Drug Department, which is headquartered in Pedro Juan Caballero, discovered 19 fields in a ranch owned by Joaquim Francisco da Motta, Brazilian, married, approximately 52 years old, and a resident of this city. The ranch is some 35 km outside the city in Colonia Raul Ocampos Rojas. The fields were in the middle of the woods, some 10 km from the highway, close to a road intersection known as Tajy.

Late on 12 July, criminal court Judge Dr Adalberto Fox ordered that the residence of Joaquim Francisco Da Motta be raided. Da Motta, who is also known as "Joaquinsinho," is the owner of the ranch and the fields. He was arrested and taken to the headquarters of Regional Directorate No 1 of the Anti-Drug Department, where he is being held and where he is allowed to receive visitors.

It has been reported that Da Motta has a criminal record in Pedro Juan Caballero and in Brazil, and that he has been known to be one of the kings drug trafficking in the border areas. Despite all this, it had apparently been impossible to prove that he was involved in the drug trafficking business until yesterday's spectacular operation, during which the drug was seized and destroyed.

BRIEFS

4.8-PERCENT GDP DECREASE -- According to an ECLA report, Paraguay's gross domestic product [GDP] per capita dropped 4.8 during 1981-84 because of a slowdown of the Paraguayan economy, especially since 1982. [Summary] [Asuncion HOY in Spanish 8 Jul 85 p 11 PY]

BOAT, HELICOPTERS FROM BRAZIL -- Yesterday, President Alfredo Stroessner, accompanied by Brazilian Navy Minister Henrique Saboia, accepted the river patrol boat Itaipu and two helicopters built by the Brazilian Navy Shipyard in Rio de Janeiro. [Summary] [Asuncion HOY in Spanish 12 Jul 85 P 11 PY]

STATE EMPLOYEES MARCH; PRISON RIOTS CONTINUE

PY172251 Madrid EFE in Spanish 2059 GMT 16 Jul 85

[Text] Lima, 16 Jul (EFE) -- State employees, who have been on strike for 29 days, are adopting increasingly aggressive positions to achieve their economic demands. Today they staged a march through Lima, which ended with a rally at the downtown San Martin Park. According to the strikers, the rally had been authorized by the mayor. Armed with sticks to defend themselves from possible repression, according to their secretary general, Raul Caballero, and grouped within the unrecognized Intersectorial Confederation of State Employees [CITE], the strikers warned that they would respond to any repression, although the march was considered peaceful.

Disregarding many requests to change their position so as not to tarnish the inauguration ceremony, scheduled to take place in 12 days, the CITE is still trying to weaken the government. The government, however, has repeatedly stated that it will not meet the strikers' demands but that it will consider new salaries for workers in the state government, which is facing semiparalysis.

Last night at a meeting, the CITE decided to go on with the strike, stating that it will stage a number of radical actions such as blocking roads, occupying buildings, and holding protests, hunger strikes, and marches to force the government to change its position, which seems difficult. However, the CITE has received support for its demands from 200,000 construction workers who have also been on strike for a week, and who are also occupying buildings and staging marches to demand that their demands be met. Moreover, some 5,000 workers from the Maritime Industrial Service also begun an indefinite strike today, demanding higher wages.

Some 180,000 state teachers will also go on strike on 18 and 19 July as an expression of support for CITE. The end of President Fernando Belaunde's government is resembling the 12-year military government which preceded the current government and which was also marked by social agitation.

The incoming social democratic government of the American Revolutionary Popular Alliance, however, does not seem to strongly favor state bureaucracy. Interviewed by a television station last night, future Industry, Commerce, Tourism, and Integration Minister Cesar Atala stated that the bureaucratic system was excessive and incompetent, and that the idea is to make public enterprises more productive. There are 170 such enterprises in Peru.

The rioting in three different prisons is still unresolved. There is rioting at the women's prison in Callao, a port near Lima; in the El Fronton Island Prison off Callao; and in the Lurigancho Prison in Lima. The rioters, both men and women, who are accused of being terrorists, are holding hostages and demanding better food and medical treatment in the prisons, and that they be considered political prisoners, which it is impossible to grant. Those accused of being terrorists are demanding that they be considered political prisoners, while the law establishes that they are common criminals. And the situation in the prisons has not been resolved so far. This is the current situation prevailing in Peru only a few days before the transfer of power.

Prisoners Hold Hostages

PY172210 Paris AFP in Spanish 0047 GMT 17 Jul 85

[Text] Lima, 16 Jul (AFP) -- For the third day in a row, 600 prisoners accused of being Shining Path members continue rioting in three jails of LIma. The tense atmosphere has become worse and there is no solution in sight.

In the Lurigancho Prison, on the outskirts of Lima, where 200 prisoners have occupied a ward, police were forced to shoot into the air to calm the prisoners' relatives outside, who were nervous because they heard gunshots inside the prison.

Meanwhile, 200 alleged terrorists in the port of Callao are holding six guards hostage. Today, the women prisoners waved red Shining Path flags from prison windows.

On El Fronton Penitentiary Island, some 10 miles by sea from the port of Callao, 300 prisoners are holding a fruitless dialogue with authorities to demand better food, more visits, and, above all, to be recognized as political prisoners. The other rioters are making similar petitions.

In turn, Attorney General Cesar Elejalde stressed that the prisoners accused of being terrorists are nothing but common criminals. He said that the Constitution qualifies terrorism as a common crime, therefore, the rioters cannot be considered as political prisoners, much less prisoners of war. The El Fronton terrorists label themselves prisoners of war.

Elejalde said that by holding the prison guards hostage, the prisoners are committing blackmail, which is a crime punishable by up to 6 years imprisonment.

The rioters in Lurigancho today destroyed the prison documents. They are also holding a guard hostage. Lurigancho is the largest prison in the country with 5,000 prisoners, most of whom are accused of common crimes and did not participate in the riot.

SHINING PATH RESUMES ATTACKS IN AYACUCHO REGION

PY171433 Paris AFP in Spanish 0049 GMT 17 Jul 85

[Text] Ayacucho, 16 Jul (AFP) -- The Ayacucho police reported today that a group of Shining Path terrorists attacked the town of Canaria in the Victor Fajardo Province, 50 km south of Ayacucho. Before leaving, the terrorists set fire to the local municipality building and medical unit. The police are searching for the terrorists.

The police also reported another attack that took place in the town of Paras, Cangallo Province, some 30 km southwest of Ayacucho. They said that a machine gun and explosives were confiscated but provided no further information.

Shining Path guerrillas have been rather inactive since the deployment of military forces in the Andean provinces of Ayacucho; therefore, these recent attacks have caused concern among the inhabitants of the region.

ENVOY TO U.S. NAMED GARCIA'S FOREIGN MINISTER

PY180044 Paris AFP in Spanish 0011 GMT 18 Jul 85

[Text] Washington, 17 Jul (AFP) -- A high-ranking Peruvian diplomat today confirmed to AFP that Allan Wagner, the current counselor at the Peruvian Embassy in Washington, has been named foreign minister in the cabinet of President-elect Alan Garcia, who will be installed on 28 July.

Wagner, 44, is a career diplomat with great knowledge of the economic sector. He has represented his country at several international conferences. Before he was sent to Washington, he was chief of staff of Foreign Minister Javier Areas Stella. Peruvian Ambassador Luis Marchand Stens will host a farewell party for him on 18 July and on 19 July Wagner will travel to Lima, the source added.

NETHERLANDS'LUBBERS ARRIVES TO DISCUSS REFINERY

PA142251 Paris AFP in Spanish 2235 GMT 14 Jul 85

[Text] Caracas, 14 July -- Ruud Lubbers, prime minister of the Netherlands, arrived in this capital for a 2-day visit. He will hold talks on the closure of the Shell refinery in Curacao.

Lubbers was greeted by Venezuelan Foreign Minister Simon Consalvi, who had previously received Maria Liberia, minister-president of the Netherlands Antilles, who will also attend the talks on the closure of the refinery.

Agreement on Curacao Refinery

FL172051 Bridgetown CANA in English 1942 GMT 17 Jul 85

[By Keith Grant]

[Text] Caracas, July 17, CANA-REUTER -- Venezuela and The Netherlands today agreed on a formula which would enable Shell's loss-making refinery in Curacao to continue operations, Dutch Prime Minister Ruud Lubbers said.

These have been complicated discussions but we are very pleased to have reached these conclusions, Lubbers said after a final meeting with President Jaime Lusinchi. Lubbers said the Governments of The Netherlands, the Dutch Antilles and Venezuela had agreed on a consultative mechanism to review both the refinery and the general economic problems of the Dutch Caribbean islands.

He said a three-phase plan was agreed for the 320,000 barrels per day refinery, the first involving Shell and Petroleos de Venezuela (PDVSA) agreeing on terms to renew some 105,000 BPD [barrels per day] of crude liftings suspended by Shell in June. The suspension came after PDVSA declined to reduce its heavy crude prices. Lubbers said the two companies would finalise these discussions shortly.

A second phase involves a Shell commitment to re-examine its investment programme for the refinery to ensure its medium and long-term viability, and to report back within four months.

Finally, Lubbers said, Shell had agreed to maintain a majority shareholding in the refinery, while PDVSA was willing to take a minority stake and would announce its decision by the end of 1985.

Venezuelan Energy and Mines Minister Arturo Hernandez Grisanti confirmed that Shell commitments to maintain a majority ownership and invest in the refinery were the two conditions set by his government. My view is that these investments should be made in improving the installations to produce less residual oil and more light products such as naphtha and aviation fuel, he said.

Hernandez said PDVSA share participation was not imposed on Venezuela, adding: It will give us a say in refinery decisions. Hernandez declined to say to what extent the plan hinged on Shell and PDVSA agreeing on prices so as to resume heavy crude supplies, but acknowledged Venezuela is facing oil market difficulties.

Venezuela is widely expected to reduce its heavy crude prices after next week's OPEC oil conference.

Lubbers told reporters agreement must be reached to resume liftings and that, if this problem is solved, the study can be made on investments and decisions taken on shareholding.

The Dutch prime minister, accompanied by Dutch Antilles Prime Minister Maria Liberia, left Caracas for Curacao after signing the agreement with Hernandez Grisanti, Foreign Minister Simon Alberto Consalvi and Dutch Special Envoy Emile Van Lennep.

EXPLOSION, FIRE AT DEFENSE MINISTRY ARSENAL

PA180220 Paris AFP in Spanish 0142 GMT 18 Jul 85

[Text] Caracas, 17 Jul (AFP) -- The biggest arsenal of the Venezuelan Defense Ministry, located in Maracay, 100 km from this capital, exploded today. The Army has not reported the cause of the explosion.

According to official reports, no casualties resulted from the explosion or the fire that followed at the arsenal, where the enterprise that manufactures arms and ammunition for Venezuela has some installations. The explosion rocked hundreds of houses near the arsenal and disturbed the residents. Nevertheless, firemen and the Armed Forces succeeded in controlling the fire.

It has been reported that the Defense Ministry sent commissions to investigate the cause of the explosion at this arsenal considered to be the most important in the country.

PRESIDENT STRESSES EFFORTS TO SOLVE PROBLEMS

PA171757 Mexico City XHDF Television Network in Spanish 1955 GMT 16 Jul 85

[Report by Alberto Vega]

[Text] President Miguel de la Madrid today said that the government has to act seriously and vigorously and that it cannot adopt superficial or hasty measures that might be spectacular but do not get to the bottom of the problems. On meeting Deputy Cuauhtemoc Paleta, a leader of the Mexican Workers Regional Confederation [CROM], in the Los Pinos presidential residence, the president added:

[Begin recording] We will act in due time. We will act with deep and vigorous measures. We do not want to adopt measures that just serve as palliatives and do not get to the bottom of the problems. The decision and action of the government will not be enough to overcome these difficulties. Such a big and important country like Mexico can only move ahead with the support and efforts of all Mexicans. Each person's effort counts so that the overall results will be those that we seek. [end recording]

The president also said that in our mixed economy, the government has to consult and talk with representatives of all sectors of society because we want to maintain the basic solidarity of the Mexicans. The president added: The government also bears in mind the opinions of the political parties, even if they are minority parties and even if many times we cannot totally reconcile our opinions because we have different philosophies and views. He also said that the country will move ahead because Mexico is a strong country. De la Madrid indicated that Mexico is not only strong due to its natural resources but also due to its people who have always struggled against adverse conditions.

SEPULVEDA ON ROLE OF INTERNATIONAL ORGANIZATIONS

PA122303 Mexico City XEW Television Network in Spanish 1300 GMT 12 Jul 85

[Text] Mexican Foreign Secretary Bernardo Sepulveda Amor said that it is necessary to respect the purposes and principles of the United Nations. He made the statement after a meeting with Vernon Walters, U.S. permanent representative to the United Nations. During a press conference, Foreign Secretary Sepulveda said that North America is determined to strengthen the international organizations and particularly interested in promoting multilaterialism.

Foreign Secretary Sepulveda said that meetings have been held to explain Mexican positions, learn the U.S. outlook on this matter, and, within a framework of reciprocal respect, obtain better information regarding the reasons, justifications, and positions of the two countries.

Regarding the 40th anniversary of the United Nations, Foreign Secretary Sepulveda said it is the appropriate time to think about the roles that international organizations should play.

BRIEFS

AMBASSADOR APPOINTED -- Mexico City, 8 Jul (NOTIMEX) -- Mexican President Miguel de la Madrid has appointed Santiago Meyer Picon as Mexico's new ambassador to Senegal, replacing Hector Cardenas Rodriguez. [Summary] [Mexico City NOTIMEX in Spanish 2230 GMT 8 Jul 85 FL]

'DISTORTED' REPORTS ON BARLETTA REMARKS REFUTED

PA162114 Panama City STAR AND HERALD in English 16 Jul 85 pp 1, 6

[Text] Statements attributed to President Nicolas Ardito Barletta, as published in THE WASHINGTON POST and distributed by United Press International (UPI) and other international news agencies, have been distorted, according to the presidential information officer.

Asked about the new democracies, and their precarious economic situation, affected partially by their foreign debts, Barletta said that the efforts of these countries to improve the economy and strengthen democracy, required international cooperation so that the economic and social problems caused by economic stagnation would not lead democracy to failure in the future, according to a presidential communique.

Asked if Panama faced the same situation, Barletta said Panama had two fundamental objectives: to strengthen its democratic institutions and seek an economic recovery. He said the only danger in the strengthening of democracy in Panama lies in the nation's lack of capacity to resolve its social and economic problems.

The president said that Panamanians are aware of this situation, and for that reason "our main task is to resolve our economic problems during the next two years by means of our democratic institutions."

Any other information published by the newsman is mere conjecture on his part, the president said.

PLANNING MINISTER URGES SOLUTION TO LABOR ISSUES

PA162359 Panama City LA ESTRELLA DE PANAMA in Spanish 16 Jul 85 pp A 1, A 10

[Text] Yesterday during the work session of the national dialogue, Minister of Planning and Economic Policy Ricaurte Vasquez maintained that "we now have the opportunity to make the adjustments that will permit an economic recovery, because otherwise, the system will make its own adjustment." It was the first intervention by Minister Vasquez in yesterday's meeting, and it was intended to present the national government's strategy.

Speaking to representatives of the labor, business, and government sectors, Minister Vasquez noted that if we fail to adopt joint decisions now, the system will somehow automatically produce adjustments. Presenting an overall outlook of the national situation, Vasquez noted that if we do not make the proper adjustments to our economy, the system will do it through violence, which is exactly what we want to avoid.

"No adjustment will be cost-free. It must show a cost. We can see the cost's spectrum, ranging from violence to making a voluntary adjustment -- concerted adjustments between the parties that make up the social, political, and economic outline of a nation."

Minister Vasquez said the state cannot continue functioning as the motor of the nation's growth. We must strengthen and identify ourselves with what we really want, because, above all, no development scheme can be successful if the benefactors do not identify with it. Vasquez said the system cannot continue as it is; we must make a self-examination of our economic and social systems and evaluate what things must be changed in order to advance. Panama is facing a different historic responsibility, the minister said. Now, we must respond before the world in the effort to consolidate our territory.

Vasquez maintained in his outline of the Panamanian economy that it shows less capacity to provide answers to the nation's needs due to its slow growth. This is reflected in a stagnant per capita income that increases poverty. He said that despite this situation, it is evident that the national government has made significant advances in the past years in various social sectors such as health, education, and housing; advances that must not be spoiled by economic problems.

The chief of the planning portfolio showed the regional disparities in the country, pointing to the fact that per capita income in the Province of Darien is 622 balboas yearly, while in the capital city it is 2,500 balboas yearly. Minister Vasquez said there are sectors of the country showing critical levels of poverty with a yearly per capital income of 500 balboas. He said, however, that the national government does not wish to radically change the economic system, and announced that from now on, we are only going to export.

He insisted on the need to remember that any change must be gradual. "It means moving toward a specific objective without being obstinate and thinking that it has to be one way or the other, because it worked somewhere else. No one knows better than the Panamanians what we want," Minister Vasquez affirmed.

He was emphatic in saying that there is no intention to close any of the existing activities, but rather to establish new sources of investment. Vasquez indicated that there have been claims that the intention is to create a Chilean-type economy or to copy a foreign model, but actually what we must find is a Panamanian model, to open the country to foreign investments, with specific rules of the game.

Minister Vasquez' exposition lasted 90 minutes. He presented aspects of great significance to the country. His intervention was highly commended by the participants in the national dialogue.

SECONDARY STUDENTS HOLD VIOLENT PROTEST IN COLON

PA171916 Panama City Circuito RPC Television in Spanish 1730 GMT 17 Jul 85

[Text] Students of the Professional and Technical Institute in Cativa, Colon Province who have been on strike since the middle of last week in demand of school improvements, held protest demonstrations this morning in the city of Colon with acts of violence that halted vehicular traffic. The film you are seeing shows the student actions in Colon.

Three government vehicles were seriously damaged by the students' actions. Two of them were burned by the students. A vehicle of the Institute of Hydraulic Resources and Electrification [IRHE] was the target of the students, who were also protesting the high electricity rates. IRHE vehicle No 152, Commerce Ministry vehicle No 94, and an unidentified government institution's venicle with license plate No 5649 were attacked. The film shot this morning shows details of the demonstration by the secondary school students. The student protests also affected government institutions in the city of Colon. An office of the Commerce and Industries Ministry in Colon and a government vehicle were also affected by the Colon students' protest.

According to the students, they have not received any positive reply from the Education Ministry with regard to the bad condition of the secondary school.

At the close of this report, riot units of the Defense Forces were reestablishing order in the city of Colon, which was affected this morning by student violence.

COSTA RICA

MONGE DENIES RUMORS OF GUTIERREZ' REMOVAL

PA171356 San Jose Radio Reloj in Spanish 1230 GMT 17 Jul 85

[Text] President Luis Alberto Monge Alvarez termed as absolutely false the rumors about the possible removal or resignation of Foreign Minister Carlos Jose Gutierrez. No decision has been made against the foreign minister, nor has his work been censored, president Monge reiterated. He added: Foreign Minister Gutierrez told the truth when he said that he maintained permanent consultations with me when it was decided to accept the only resolution that had the necessary number of votes at the OAS.

Monge recognized that at no time did Costa Rica manage to secure more than 17 votes at the OAS Permanent Council, when 21 votes were necessary in order to approve the proposed resolution, adding that Costa Rica had to settle for what it could get. He added that Costa Rica's alternatives were either to stick to the original resolution it had proposed and suffer an overwhelming defeat, or to accept another one that would have the necessary number of votes, retaining part of the original one.

In this manner, President Monge reiterated his support for Foreign Minister Carlos Jose Gutierrez, denying rumors about his possible resignation in the next few days due to his failure in conducting our foreign policy.

EL SALVADOR

FMLN GENERAL COMMAND HOLDS PRESS CONFERENCE

PA151545 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 12 Jul 85

[Press conference held by the FMLN General Command with foreign correspondents in Perquin, Morazan Department, on 5 July -- recorded]

[Text] [Moderator] The press conference with foreign correspondents will begin shortly. Already facing the foreign correspondents are: Commander Jorge Shafick Handal, secretary general of the Communist Party of El Salvador; Commander Joaquin Villalobos, commander in chief of the People's Revolutionary Army; Commander Leo Cabral, leader of the National Resistance; Commander Facundo Guardado, member of the Farabundo Marti People's Liberation Forces; and Commander Miguel Mendoza, of the Revolutionary Party of Central American Workers, PRTC.

These are the microphones of Radio Venceremos and Radio Venceremos in network to broadcast this press conference to all our people. The first question is asked by a Mexican television correspondent.

[Mexican correspondent][Words indistinct] can feel a (?sort) of a victory because you have been routed, defeated and [word indistinct]. What is the current situation of the war in El Salvador?

[Moderator] The correspondent has addressed Commander Villalobos about the optimism felt within the ranks of the Salvadoran Army because of the situation of the war and the feeling that the FMLN has been routed and defeated. He has asked about the current war situation in El Salvador. Commander Villalobos will answer the question.

[Villalobos] We are going to try to give you a brief summary of the developments of the war in the past 5 years. We will work up to the current situation and somewhat explain our current strategic plan and the current military plan being developed by the Christian Democratic government with the support and direct assistance of U.S. advisers.

In the 1970's the FMLN's military development was a pretty [word indistinct] development. The FMLN strategy for victory was based on an insurrection backed by the force of the masses with very little military strength and not much fighting capacity. The FMLN's power of the masses was confronted by a policy enforced by the current administration, aimed at annihilating the FMLN's popular bases. It was a policy directed toward the rural as well as urban areas. The first target was the cities. I believe that the press still remembers this and keeps photographs of this, especially of the process of extermination of the popular movement in the cities.

Later in 1979 and 1980, in 1981 and 1982 the process of extermination (?eased up) somewhat. They used the excuse that they had achieved the pacification of the cities. This policy resulted in the deaths of approximately 50,000 people; most of these people were civilians, some were organized, but the highest percentage was civilians, many of whom were not active in the conflict.

In view of that effort to annihilate our popular support, between 1981 to 1982, we were forced to make great strides in our efforts for self-defense. Therefore we devised the plan to resist the drive or attempt to annihilate our forces in order to end the insurrection. Because of that effort, the puppet Army [words indistinct] and heavy expenses and casualties. Duarte himself, during his presidential report for 1981, or 1982, I do not remember which, stated that the losses exceeded 1,000 casualties [words indistinct]. Those 1,000 casualties represented a heavy loss because when the president's drive began the Army did not have more than 15,000 or 27,000 units. [figures as heard]

[Unidentified person, interrupting] 1981.

[Villalobos] 1981, right. Evidently, we managed to eliminate that phase, those plans to annihilate us, but this resulted in the killing of many civilians, such as the massacres at El Mozote and the Sumpul River, where approximately 600, 700, and 1,000 peasants were killed in each massacre. However, we did develop considerable military strength, and it was during the first step [words indistinct]. Toward mid-1982, we could say our forces began a counteroffensive and we consolidated our military force.

In other words, in 1980 we did not have a (?complete) army, but then we become a full-fledged army. We then begin the counteroffensive. At that time, the enemy's military plan to halt our expansion process was based on having hundreds of positions in the areas where the heaviest fighting was taking place -- which was in northern Morazan and northern Chalatenango -- in addition to the hundreds of positions which had been established in the strategic cities of Guazapa, Tres Calles, and Jucuaran. However, their main target was to annihilate the popular bases of the FMLN, and once they had eliminated the revolutionary threat, they would then proceed with their alleged democratization process. That was the political component of their miliary failure.

But what happened? The plan to annihilate us failed. Then, toward mid-1982, we assumed the offensive and began to take over the positions that they had abandoned. [Words indistinct] We were living off the people's support, off the support of the masses. We annihilated dozens of positions, one by one. From 1982 to the end of 1984, the FMLN held a vast amount of territory.

We eliminated all the positions not only in these relatively small areas, but also in the eastern part of the country. This included all of the northeastern part of the country, up to the Pan-American Highway, and left the Army holding just a few positions.

The same thing happened in Chalatenango, one of the fronts, where they had managed to maintain their positions in such places as Guazapa Hill because our expansion effort was not very strong there, as this area is of vital importance to the enemy. That was a most difficult and critical point in terms of expanding into the Guazapa area and carrying out the strategic counteroffensive. There was also Tres Calles, the area close to the Lempa River in central Usulutan. These were three phases that left us in a most favorable position. We inflicted approximately 15,000 casualties on the enemy and took 2,000 prisoners. We recovered 5,000 weapons, over 1 million rounds of ammunition. We captured important persons, such as the minister of defense, excuse me, the deputy minister of defense.

Throughout this stage, the FMLN has been conducting an uninterrupted offensive that has reached the point of encompassing another type of terrain, -- a terrain that is no longer in the northern area or in the isolated areas of vital importance. We are on the threshold of another type of terrain where one finds a larger concentration of people -- people with higher cultural levels, with higher levels of political development. We are then confronted with the situation within the FMLN of how we are going to continue with an effective military advance. That is our development up to that moment.

On the Army's part, there has come a time when our pressure, our military advance is so strong that the Army has been forced to make a general change in its plans. What the Army has actually done in its general change of plans is to pull back to a second line, we could say, and establish a plan based on movement of troops in order not to become the (?target) of the enemy. This is a strictly defensive plan. This is a plan in which the Army provided its men with more weapons than its political-legal structure and its budget (?allowed). Evidently, they could no longer maintain their positions here, so we could then have a corridor open, reach vital points in the southeastern part of the country, reach the Pan-American Highway in the central area.

Now, they had to conduct patrol and attack operations in order not be our targets. Now, against this type of plan, we then decided to change our basic plan. We think that had it not been for the escalation of intervention, we would have won the war. The Army had approximately 12,000 men and 30 aircraft when the war began. Now it has approximately 42,000 men and 50 aircraft. We have inflicted about 18,000 casualties on it. In other words, we have destroyed the Army with which they began the war.

We have taken away approximately one-third of its territory, including municipalities, where the Army is defending its political-juridical structure. The Army controls only about 20 municipalities out of a total of 86. The Army is only a mobile task force right now. It is taking care of itself and avoiding casualties, rather than protecting its political and economic institutions. In other words, it is attempting to wage an irregular war with us, the only difference being that it has responsibilities concerning the political and economic institutions and therefore, it has more to protect. However, we have nothing to be taking care of, not even terrain. Terrain for us is the site of our operations, it is the front, the rearguard, it can be anything.

As we were saying, a process of intervention occurred, and this process meant we could not continue waging a war against any enemy that was backed by a source of never-ending resources, of material resources. It was a mistake to wage a war of immediate definition [definicion], of rapid definition, of uninterrupted strategic (?defense) until the cities were reached.

We cannot have a strategy of this kind. Our strategy has to defeat the resistance and the ability of the Reagan administration to continue supplying the Salvadoran Army. If we manage to defeat that factor, we will win the war.

If we manage to break the support for the Army and the Salvadoran Government on the part of the Reagan administration, we will win the war. In this sense, we were faced with a confrontation in this situation in which the basic issue was to wage a war of attrition -- a war of attrition that allows for certain changes, without pressure, in order to change the course of the war, which has led to this type of accusation on the part of the Armed Forces. On the one side, the Armed Forces know that every time they launch a plan, they make [words indistinct]. Judging from the question asked by the correspondent, I would say that they make many announcements of this type every time that they change plans.

In fact, in September 1983, they made the same statements. It is part of a political strategy that accompanies their military actions. Now, we could say that the propaganda to change the course of the war at the previous stage was very strong, as far as the advance of the FMLN was concerned. We were then talking of annihilated positions, controlled positions, prisoners, and so forth. In a war of attrition, this is no longer possible.

The war is accumulative. The problem is what is being achieved: to disorganize or to wear out the other party even more? Throughout 1983 and by the end of 1984, we were in the times of the attacks on the Cuscatlan Bridge and El Paraiso. The Army let us reach the following targets: (La Trinidad) and all the strategic points. To take over those points was to finish defining the war. The issue was whether it was a good idea for us to continue with this war in which they had such strong support, and whether we were ready at that moment to continue with this war to the very end. It was the right moment.

We then decided on a series of measures in order to guarantee the creation of what we describe as a strategic counteroffensive that would seek to break the will of the Reagan administration to continue supplying and supporting the Salvadoran Army. We discussed several aspects. In the first place, there is the human factor. That is our main objective at this moment in the military terrain: the wearing out of troops. According to the Army's plans, they are planning to wear us down. That is why we want to take over positions, to annihilate them and their positions.

Then we made a change of plans. Every time they launch an operation, we will enter a new operation. Every time they conduct an operation, a patrol, we are going to wear them down, bleed them, using tactics that will allow us to wear them down as much as possible. We will also suffer fatigue, but with greater conservation of forces and our means. We have achieved that. We have made some changes, which began in June or July of last year. We have managed to maintain a high level of attrition. [words indistinct] We have tremendously reduced our casualties. That is why the Army placed such great importance on using aircraft. We can make those changes in our basic means, allowing us to carry out operations so quickly that they hardly have time to react, or to (?send) their aircraft.

These are different operations, and they have to be different, because there are no targets. The problem is that the Army has pulled back. On the human factor, we have said: Well, the Reagan administration can send all the guns it can, but it cannot replace the Army's officer and troop casualties, and it cannot solve the morale problems. It cannot solve that. If this becomes a crisis and collapses, the next step is for [U.S.] troops to intervene. If it goes to this extreme, we will continue the war with the same (?strategy) of inflicting casualties and bleeding the troops that intervene in this country at all times and with all means possible.

This is in the field of what would be human attrition. However, there is another aspect we must consider with the Army pullback. There are other flanks for economic and political destabilization. The Army has been incapable of defending the economic and political structure of the country and is trying to defend it with political arguments. It is waging campaigns against sabotage and so forth when actually everyone knows that in any war the economy becomes a military target.

There is no discussion about this. Everyone knows this perfectly well. In any war, the production sector is a military target. If anyone doubts this, just ask the strategists of the Pentagon in which direction the nuclear missiles are pointing in their confrontation with the USSR. Are they not aimed at the great industrial centers? This explanation is very correct, from a military point of view.

Destruction of the economy is a very clear military target for us. We then prepare a plan to prevent that economic aid -- of which 25 percent is destined to fight the counterinsurgency -- from serving any purpose. We do not want the Duarte government to have any possibilities in the counterinsurgency plans. We want to attack essential things such as electricity, highways, by frequently paralyzing transportation; the railroads; the telephone communications; and the crops that produce foreign currency such as sugarcane, cotton, and coffee. In other words, we seek to break down the economy of Duarte's regime. We have made great progress, because they have left great [word indistinct]. You will have noticed that what they have along the Pan-American Highway are mobile units, allowing us to control the Pan-American Highway in the eastern part from the bridge to nearly San Miguel through many [words indistinct].

They have lost nearly all the northern area, the coastal highway, and the northern highway, which are basically the only outlets to Honduras. These are under our control. The two outlets to Honduras are this country's communications with the rest of Central America. We are on the verge of completely controlling the Pan-American Highway between the outlet of San Salvador and San Vicente Department. In our expansion programs, we are already operating on the Santa Ana-San Salvador Highway and on the Santa Ana-Metapan Highway, which is the route to Barrios Port, a very important route through which weapons and fuel are transported from the Atlantic ports. It is the best route for bringing shipments from Acajutla.

As for the economic destabilization and sabotage, we have many opportunities. This country has five or six sources of energy and there are three big dams -- the Cinco de Noviembre, the Cerron Grande, and Quince de Septiembre -- and the Guajoyo Dam, which is smaller.

Then there is the geothermal center at Ahuachapan and the one at Acajutla. They might have permanent control over the dams and water sources, but this is very relative, because we can also seize them. But what happens? The transmission lines all pass through our territories, which means we can keep cutting off energy constantly from practically all of our territory, in the eastern area, for example. With this, we can paralyze a large percentage of the country's economy.

In other words, the energy situation in San Salvador, which is the industrial center of the country, will become much more difficult in the next few months. They could provide electricity to San Salvador from Santa Tecla and Aguas Calientes, which is inside the city. Actually, the energy supply will not be sufficient for the entire city of San Salvador. There are no possibilities for the cotton and coffee crops, with which they expected to develop an economic project. There are no possibilities for economic development, unless they end U.S. intervention. There are no possibilities unless we participate.

There is also the issue of political destabilization.

This is another important aspect, and perhaps I have already answered one of your forthcoming questions concerning the issue of the municipal mayors. This issue has to do with the relationship between military power and political power. The Army has lost military power in approximately 35 percent of the municipalities; they have lost 20 in the eastern area. In Chalatenango, out of 33 municipalities the FMLN controls 21. This is a situation [words indistinct] it is not that we are there, but they no longer hold power there.

So, then what happens? The government has lost the control of the judiciary system operated by justices of the peace, and in some cases, even First District Courts and other minor courts in the municipalities. It lost all of its defense systems that it established there: the system of city mayoralships and the local power, [words indistinct], the political parties. All of this has practically disappeared, since they were all connected to the repressive organization. Then, the question is: How did they expect to continue holding political power in an area where they no longer hold military power? What was the basis for this? Do we have any possibilities of establishing political power within the cities or San Salvador? Do we have any political basis for this?

Then, we have every right to dismember local power. Besides, local power is another element. It is part of the counterinsurgency concept, which the [words indistinct] have presented. It is a basic component of the creation of Civil Defense, which is part of a military plan against us.

We began our actions against local power based on this premise, and we plan to continue doing so.

[Words indistinct] The resolution of the Legislative Assembly said that the municipalities would then be turned over to the departmental heads, because they could not protect them. They claim that if they advance that plan, they will be able to hold elections throughout the territory, without taking over towns for 3 days, and staying around for 3 days. But how much longer can they stay there? Why did the Army not stay there, and leave a commander in charge? That is to really have power; to establish a relationship between its military power and its political power.

However, sometimes they arrive there, a group here, another group tomorrow. They sleep one night in one place, another night somewhere else. That is not strength; those are forces in transit, patrolling. It can be nothing else, but they cannot leave [words indistinct] the irregular army, unless they actually accept the fact that they have lost political power, and have lost their authority over a large portion of the territory. We have every right to (?destabilize) them.

Under this point of view, we established a duality of power. That is our argument concerning the city mayors. We issued a warning before the elections that we were not going to allow the elections to take place or political parties, or candidates, or electoral boards to operate, because they had nothing to do there, because they did not stay there, they arrived only 3 days before the elections. We are talking of tens of dozens of municipalities. The ones from the central area came over here, and with this, they tried to form a military defense. Here, we are at war. What political rights do they give us concerning our political participation as the FMLN in the capital city so that we can exercise our political rights, of participating within the areas where they do not have military defense?

[Words indistinct] This is the reason why we have such a problem. Thus, political destabilization is another basic component of our plan. We seek to break the economy, to break the 2 billion [currency not specified] [words indistinct] and now, the dismembering and decomposition of their political organization which is a basic component of the counterinsurgency plan.

It is called the [words indistinct] plan, in the Interior Ministry, which is the political organization of the communities, a counterinsurgency plan, which we are not going to allow.

We have every right not to permit this, to continue attacking, and of considering as military targets all structures that are organized and part of this point of view.

There is another important element in the economic and political destabilization, and a strategy in the military field, based on human attrition. Another one is the process of expansion. It is our transferring to other places, to leave our areas, to take the war to the whole country. That is a decision adopted on the basis of preparing ourselves for the possibility of intervention.

All of their plans, within the framework of a confrontation with us and a U.S. intervention, called for us to be situated at two points of the national territory, as close as possible to the border, with the participation of the Hondurans. However, these are their plans, not ours. Ours is to have the war in a 1-year spread throughout the national territory, in all highways, all cities, and keeping our (?key) points in all zones that we call our strategic rearguard.

This is planned, bearing in mind that the Army has a goal of 40,000 men in uniform, but these 40,000 men are not going to be enough. Why? Because destabilization is forcing them to invest huge amounts of forces. Our expansion process is also going to force them to invest large amounts of effort. The tactics that we are using in military operations and patrols are also demanding huge efforts, in addition to the attrition they will suffer. In addition, there are other very important elements one must consider.

The [word indistinct] reserves of the Army were traditionally established in these terrains, which we now control. These areas are the ones having the higher level of organization, the areas where the government is less liked. These are traditionally opposition areas, with higher levels of organization, with more contact with the communication media. In all of these areas, most of the people like the FMLN, both in the cities as well as in the southern and western parts of the country.

What happens then? The Army is standing on the territory, is living in the territory where the people like us better. We are in the area, developing plans of [words indistinct] organization, precisely from the area where the Army was pulling its main human resources. If we combine this with a war of attrition, of wearing out their possibilities of human reserves, then their possibilities will soon run out.

It is within this framework that we stage operations on the outskirts of the cities and inside the cities with urban commandos. The level of these operations has been increasing. This affects (?the command). We have a policy called destabilization of the strategic command. They also have a similar policy. They try to [words indistinct]. They try to find the command post and see how they can pressure it, but we have a greater capacity to pressure their command by taking the war to the capital and by operating under the very noses of the high command, near or inside their own homes.

Now then, this readaptation process to face the volume of the intervention demanded from us a level of reorganization of forces, restructuring of units, and unification of the FMLN's military thought.

[Words indistinct] in September (?1983) they said the same thing. They said that we had lost the war, etc., etc.

They always make such statements. They have hurried to make such victory claims. I would say that their claims are somewhat outdated, because at this time many events show that the FMLN is [words indistinct] advancing. It is evident that the war is in the capital, in western El Salvador. It is evident that their operations are being bogged down. They do not achieve anything. Throughout the war they have achieved no major victories other than the one in 1981 in western El Salvador, when our forces did not know how to fight. That is the only one of importance. Very rarely have we had 20 casualties in an operation. Those reports about 100 FMLN casualties are absurd. They are not true. They have never inflicted that many casualties. They inflicted 97 casualties in that previously mentioned action. That was the only time. Since then we have not come close to suffering 40 or 50 casualties in an operation. When we have suffered a moderate number of casualties, 25 or 30, we have inflicted 3 or 4 times that number on them.

With all the changes and reorganization, we have determined that our problem is not to conquer terrain at this time but to achieve a process of expansion that will permit us to integrate and organize the people and develop local forces. In the case of the western region [words indistinct] but the most important thing is to develop local forces in the western region where there is great sympathy toward our forces. A process of popular struggle that has higher levels of awareness than those that exist even in this zone is taking place there. At this time there is enough evidence to prove that the FMLN plan is working. It is impressive. All the statements they have made about the sabotage of electricity, the effects of the transportation halts, the dismantling of the local power, the wearing out of the operations, and the operations in the cities and the western region prove that the FMLN currently has an advantage in the military field.

[Robert McCartney of THE WASHINGTON POST] How does the FMLN plan to wear out the power of the United States and its willingness to continue to be the main source of logistical support for the Salvadoran Government?

[Handal] We are not planning to wear out the United States as a power or as a source of logistical support. This is obviously not so. There is an interventionist attitude on the part of the United States. We have to show that it is inefficient and on that basis show that it is unjust. It has to be reduced. We are sure of one thing. We can fight for a long time here. Time is not against us. Time is against the aggressive U.S. policy toward El Salvador and Central America. It is Reagan's problem. How long can he maintain [words indistinct] through a simplistic ideological scheme the U.S. capacity to move in this direction? That is his problem. As for us, Joaquin told you an important thing to be borne in mind. I would put what he said in the following way: The Salvadoran revolution has not exhausted even one-fifth of its potential. We have developed in the most backward areas in every sense. The main potential of the Salvadoran revolution is found exactly where the enemy is now living, in the vital part of the country.

That is where the biggest reserves of the greatest tradition of struggle, revolutionary conscience, and sympathy are located. If there were any doubts, recent events have shown this clearly. The enemy's entire inventory of the positions it holds in San Salvador, in western El Salvador, in the cities, of who carries out actions, of who holds one position, who holds another, who [words indistinct], all of this is an inventory that clearly shows what has been going on in our country and how the Salvadoran people maintain their (?opposition). The principal reserves are there, and those are the ones now entering into struggle. Our strategic political plan tries to provide space for action by the Salvadoran people. The process of attrition is at the same time a process of [words indistinct] that permits the Salvadoran people to resume their organized, political, civic, and revolutionary action. It was interrupted because of a great weakening, a great slaughter. More than 50,000 people have been killed in order to obtain a brief respite of 2 or 3 years during which the nonmilitary popular revolutionary struggle would be halted.

What we are now seeing shows that his slaughter did not break, bury, or crush the people's will to struggle. That will is stronger and firmer than any interventionist will. That is our position. We think that the U.S. people will have to respond to that irrational and totally unjust policy.

[McCartney] [Words indistinct] respond to the U.S. intervention with actions like those of the Zona Rosa?

[Handal] We have already stated in the General Command declaration that we consider as military targets all those involved in this counterinsurgency war against us. We will carry out our plans according to what is advisable for us, but some considerations must be borne in mind. Look at the case of the pilots and the advisers. The advisers come to train troops so they will come to these areas to kill the population, to look for us and to kill us. The administration (?arms) those troops to the teeth with enormous firepower so that they will come here to destroy. Those individuals stay over there, but they come to supervise the operations. It is not true that they do not go to the combat areas. They come to the combat zones, but always very carefully. They return at the end of the day. They take a nice bath and then calmly go have fun. This cannot continue. The pilots come; they fly over our territories; they unload huge amounts of explosives. We do not have antiaircraft weapons. The day that we have antiaircraft weapons, and we have a right to them, there will be a big uproar. But the pilots come in [words indistinct]. They unload all this deadly firepower, and then they leave. They take a bath, and then they go have fun. This cannot be. They are at war against us. What do they do against our companeros when they (?take) them from their houses? Don't they take our companeros from their houses and families every day? How many entire families have they killed at night in their homes? We could present thousands of people who have seen their entire families killed at night. They were taken, unarmed, from their beds.

The war has reached a point at which we must make the entire world think about this reality. We have to make it think. Those who have come to attack us and those inside the country who are attacking us are risking their necks even though (?at this time) they are flying at altitudes we cannot reach. For us the struggle against aviation is also a struggle on the ground. It is not just in the air. We cannot fight the aviation in the air or combat the Reagan administration's intervention through its advisers merely with articles and declarations when they are (?using) firepower against us.

[Unidentified reporter] [Words indistinct] minimum conditions to lay down weapons?

[(?Villalobos)] We do not have any conditions to lay down weapons, because we are not willing to lay them down, ever.

[James Le Moyne of THE NEW YORK TIMES] What are the FMLN conditions to negotiate with the government?

[(?Villalobos)] We would say that the fundamental condition is the end of U.S. intervention. That is our fundamental point in the process of a negotiated solution.

[Unidentified reporter] Are your Marxists, social democrats; ideologically, how do you describe yourselves?

[(?Villalobos)] That question is in line with the Reagan administration's desire to make this an ideological conflict, to turn it into an East-West conflict, to say that our struggle is a process of Soviet expansionism rather than a process of social struggle.

There are differing opinions within the FMLN-FDR. Rather than saying whether or not we are Marxist, I think the current administration must understand that there are scientific disciplines, that there are other ways of thinking in this continent that it will have to understand in the coming years and with which it will have to coexist. It will have to understand that the models [words indistinct] that it is not Soviet expansionism, nor is it aggressive toward the United States, nor does it raise security problems for it. The problem is that the pure capitalist model, the ideal capitalist model, is functioning in the United States. What the administration has to ask itself is whether it functions in our country and if in that framework we don't have every right to adopt thoughts and ideas and see other models [words indistinct] to apply them in this country. I do not think this is the (?only) problem. In this sense, the FMLN-FDR states that yes, there are Marxist-Leninists. We do not see this as a sin. However, we do not agree that the fact that there are Marxist-Leninists within the FMLN should become an argument for this being an East-West conflict and that it is a problem of Soviet expansionism; it is a problem of a social struggle. It is a problem that results from the fact that in this country the land is distributed in such a way that it no longer solves social problems. This is what they must understand.

[Question indistinct]

[Guardado] Companero Commander Joaquin has already stated our position, which is the official FMLN position. The policy that was defined by our General Command is the one that is being implemented throughout the country. Now, in some places this process has been implemented more rapidly. However, at this time that is the policy we are promoting throughout the country with regard to the destruction of the enemy's local political power [words indistinct]. In reality [words indistinct] naturally the Army, the Reagan administration, and Duarte will continue to use it because it wants to portray such an image. The reality is completely different. We do not even have to explain it. The reality is evident. We are showing it in the military field, in the area of the political struggle and organization of the people, and the development of the policy of dialogue and negotiation. You can see that if it were not on the basis of a firm will and determination and the firm steps that we have achieved in the process of unity, we would have been unable to have single policies [words indistinct]. FMLN policies have stopped being the result of an unconscious process of coordination and harmony. FMLN policies are single line policies. They already have an obligatory character in their application in all directions and rank and file of the FMLN. [Words indistinct] in 1983, we advanced toward the forming of a single political-military organization based on the five member organizations of the FMLN. (?At this time) we can truly say that we are advancing on sound foundations in the political, ideological, and organizational fields for the establishment of a single organization. This is demanded by the level of the confrontation against the enemy and the intervention. It is also a reply that we have to give to the support, sympathy, and incorporation of the people.

[(O'Connor) of CBS] What will we see in the next few months within the development of new FMLN tactics?

[Villalobos] First of all, increased activity on the outskirts of the cities and inside the cities; operations such as those of (El Caro), Santa Lucia, Santa Ana, for example. Things like that; similar to El Picacho. They are very indicative of the development of the strategy. El Picacho was an operation in San Salvador. The operation on Santa Lucia Hill was in Santa Ana. There will be increased sabotage. [Words indistinct] recover weapons at this time and (?seize) terrain. We are not interested in seizing a town [words indistinct] because there are not many towns to seize. What must be seized at this time are big cities. They must be seized in a different way. They need political organization. That is why we are involved in a process of getting closer to the (?outskirts of the cities). That is a process of attrition.

At this time one, two, three, or four casualties are very important for us. Increased ambushes and [words indistinct] are another important element. Quick and small attacks lasting hours [as heard] are important. A few days ago there was one here near Corinto. There were (?no) casualties. We recovered three rifles. They are small operations, but multiplied.

[Question indistinct]

[Villalobos] Ambushes also. Operations of less than 40 minutes. These types of operations involve the development of [words indistinct]. In the past it was one operation every certain time. They were campaigns. They are now constant and uninterrupted actions throughout the territory. Another important sign are the increased operations in the entire south and central region, (?near) San Salvador, in the western region, and the war process in the eastern region [words indistinct]. In a year (?and some months) we hope to have taken the war throughout the territory. Perhaps in (?8) months the only section of the territory that will be stable for the enemy will be the western Pacific coast on the border with Guatemala. We estimate that by then we will be in southern San Salvador, in La Paz Department, on the border with Guatemala, and practically all over the territory, operating in towns, roads, important cities, and production centers. This is more or less the development of our military plans.

[Question indistinct]

[Villalobos] There are no more mayors to kidnap. [laughter]

[Question indistinct]

[Villalobos] It is important that we point something out. We are not interested in kidnapping [words indistinct]. In those zones there is a duality of powers. The Army, the enemy, has dismantled its local power. It [word indistinct]. It claims it is legal for the governor's office to handle it or if there is a system in which there can be a clandestine mayor in a town, etc. etc. All of that is legal.

[Reporter] The war of attrition [words indistinct]. How do you now combine the war of attrition with the mass movement? [Words indistinct] get demoralized?

[Villalobos] First of all, there is a point that is very important. Our strategy does not determine the prolongation of the war. Instead, the intervention process determines this. That is an important element. Since we are facing an enemy who has unlimited resources, we will not try to defeat its capacity. We know that the United States can manufacture thousands of helicopters. We downed two helicopters here in Morazan 15 days ago, and we damaged a third one. Less than 10 days later they delivered six more. We are not going to fight with the transnationals that manufacture the helicopters, but with the human resources that it has to maintain [words indistinct]. If there is intervention, we will also fight the human factor until we break the will to continue (?being here). In this sense, the prolongation is in our favor. In other words, we do not think that the prolongation of the war goes against us because we have a greater capacity to resist. There is a question. What will the administration do when it has a year left of its term and the Salvadoran problem has yet to be solved? What idea will it propose? To send troops? [Words indistinct], but its plans here will not advance.

Regarding the masses and the popular movement, the process of getting closer and establishing contact among our forces on the basis of this strategy is really what makes possible their process of reactivation.

For example, we carry out operations like that of El Picacho or operations like that of the Zona Rosa. They not only hit the main enemy, but they also hit him in the essential zone where the social contradictions are bluntly and clearly shown to the popular movement. They are operations that undoubtedly moralize the people and demoralize our enemies.

There is another thing that is important. Those operations cannot be carried out without popular support. You should go to the area where Santa Lucia Hill is located. That is inside the city. How could a force with rifles enter there without popular support? How could our forces have reached El Picacho in San Salvador, located in front of the main bourgeois residential neighborhood? How could they have gotten there if we do not have popular support? We have a great deal of support all over that zone. How could we have found out that the Marines went there if it was not on from someone who saw them going there? Why do we say so certainly that we can fight the pilots on the ground and find the (?commanders) if it is not on the basis that we have popular support, that we have thousands of eyes [words indistinct].

[Reporter] [Words indistinct] the documents seized from Commander Nidia Diaz describing Nicaragua as the most important logistics source of the FMLN?

[Villalobos] Independent of the documents, I think it is (?illogical). It is absurd to try to [word indistinct] this war on the basis of a foreign interference. We are surrounded by enemy borders, Guatemala to the west, Honduras to the north, and the gulf controlled by the North Americans with aircraft carriers, ships with special radar. To date they have been unable to present a single proof of supplies [words indistinct] that explains the war in this country. [Words indistinct] it is ridiculous to see what they have done in their efforts. I will cite two cases. A few months ago Paul Gorman appeared showing two donkeys to prove that we received logistical supplies. Have any of you thought how many bullets can be carried by a donkey and then thought about the size of the war in which the United States is involved with almost 300 advisers, with more than $2 billion and an army of 40,000 men? All of this is based on some donkeys loaded with some bundles. It is ridiculous!

It was once said that the Army spent 150,000 rounds of ammunition a day. We made some estimates then about the weight of the 150,000 rounds and the 30 million rounds or so they spent a year, and we added the bombs. We figured out that if our logistical support were 1 percent of what the enemy received, we would need 20-ton trucks that would have to pass through the border or ships that would arrive on the coasts. The only way to do it would be to do it with the cooperation of the Reagan administration because no one could bring this in. [laughter] That is why we have a strategy of popular war. That is why we are multiplying the popular armament. This war is not explained by the aid to which we have a right. We do not have the optimum conditions. Nicaragua is not next to our border. Why do they want to remove the refugees [words indistinct] but to station troops on the border and American and Honduran troops. That is why they want to remove the refugees from the border zone: in order to militarize the border zone. It is not that we are occupying the border zone here in Chalatenango. You are about 15 km from the border [words indistinct] why do we need to occupy the border zone and Honduran territory? There is no reason. In addition, we are in Jucuaran, in Tres Calles [words indistinct].

[Question indistinct]

[Villalobos] They are very far away. [Words indistinct] our revolutionary friends ask me the following. How can we draw up a revolutionary strategy to defeat such a big power like the United States [words indistinct]? That is the [word indistinct] we have, and we will prove it.

We will win the war either through a negotiated solution and a peace agreement among the national forces -- that would be a victory of our people, perhaps not a total victory for our ideas but an honorable solution [words indistinct] peace and justice -- or we will win it in the military field, defeating the intervention.

[Reporter] Why hasn't a third dialogue with the government been held?

[Handal] There are various aspects with regard to the dialogue. It has not been held [words indistinct]. We took the initiative. We proposed dates and locations before the elections. It was said then that the elections had to be held first. After the elections were held, we made proposals again. The third meeting has not been held [words indistinct]. There is another aspect that must be mentioned. Duarte [words indistinct] to turn it into an instrument to seek our (?disarmament). [Words indistinct] to guarantee the support of the U.S. Congress. He clearly said this in his speech at the U.S. Chamber of Commerce. (?Speaking) to the oligarchs who are against the dialogue, he said they should understand that this is needed for the bipartisan support in the U.S. Congress. He said they should understand that this is what we need, that they should understand that he has a strategy to corner the FMLN because he is going to stress the problem of humanization of the war. He began to speak about humanization. What he understands to be humanization is to force us to give up a number of arms in our popular war.

For example, he things that to humanize the war is to eliminate sabotage. We want you to think about this point. We want you to think about our basic proposals for the dialogue and negotiation. We view this as a method to achieve a political solution of the war and to achieve peace. We do not view it as a means to obtain crumbs. That is why we have made a serious and overall proposal. The only thing that they have said against our overall proposal is that it is unconstitutional, but who can think that in a country at war one must wage a war constitutionally with a Constitution that they drew up? We do not have any commitment to that Constitution. The problem is peace, and peace is at the top of the four papers they have drawn up, which they have been the first to violate. The Constitution has barely been approved, and yet it has already been violated many times. So, this is the only argument against our overall proposal. However, our overall proposal has a [word indistinct].

The dialogue is supposed to lead to peace, but for this to happen, a number of military and political problems raised in our proposal must be resolved. We feel that everything cannot be solved automatically. Therefore, we have raised basic points. All of you are familiar with our overall proposal.

We start from the premise that our proposal has points they can discuss. That is the purpose of a discussion, the purpose of a dialogue. That is what a dialogue is for. They reject it and want to proceed in stages. Why? To use the dialogue as a means to obtain continuous support for the military aid from the Congress, for the [word indistinct].

So, what have they proposed to us? That we give up sabotage because it is inhuman. Look, they have superiority in weapons [words indistinct] over us [words indistinct]. And, by the way, when they raise the issue of the arms supplies from abroad, the first arms supplies everybody should refer to are those from the United States, because even if it were true that we get arms from abroad, one thing is very clear: The ratio would have to be about 1,000 to 1, or even higher. Therefore, the biggest problem of arms supplies from abroad is that of the arms supplies from the United States. [Words indistinct] this is a political problem and not only a military problem.

Anything that continues the flow of weapons prolongs the war. That flow of weapons gives them an enormous superiority. For example, let us take the case of the planes -- of the planes and the helicopters. What weapon do we have that would be comparable to them? (?Since we are waging) a people's war we have to use popular weapons, the ones a people's army like ours has access to. Joaquin has already said that sabotage is a matter of [word indistinct] in every war and even more so in a people's war. Therefore, we cannot allow the dialogue -- through which the Salvadoran people and many other people hope to achieve peace in El Salvador -- to be turned into a means to continue bringing weapons into El Salvador, and much less to disarm us.

Since the meeting at La Palma, the government has been proposing that if we lay down arms it will grant us [words indistinct] amnesty. Well, we say this is ridiculous. If they have not been able to [word indistinct] how do they expect to win this war with a few papers on a table if they cannot win it on the battlefield? Therefore, the negotiation would be to end the war -- a war that exists, that is real. This is not realistic. That is not realistic. What about us? We are supposed to give up the use of sabotage. They want to disarm us by way of sabotage. [Words indistinct] this is not realistic. That is not realistic. Could it be that Duarte thinks he can disarm us? No. That is the problem. He knows that he cannot disarm us in this way. Therefore, why does he propose this game? Because he, because the government, because the Army thinks that the role of the dialogue should be to get more weapons [words indistinct]. Just in case there was any doubt about it, he said it very clearly during the [word indistinct] at the American [word indistinct] of commerce. [passage indistinct]

Well, with regard to that type of dialogue, we must clearly present this position: We cannot simply sumbit a proposal because we have already submitted one. We have said in answer to that proposal: Let us meet. What we have proposed is a dialogue to lead to negotiation to achieve peace.

[Lisa Balmaseda of NEWSWEEK] [Question indistinct]

[Moderator] The female reporter from the U.S. magazine NEWSWEEK has just asked Commander Jorge Shafick Handal: What are the repercussions of the statement by two members of the FDR in connection with the case of the Zona Rosa?

[Handal] The FDR is made up of a number of organizations with which the FMLN has a programmatic alliance. We are not absolutely identical either in the way we struggle or in all aspects of our political stands. We have an alliance. If we were the same we would have a party.

[(?Villalobos)] A single party!

[Handal] Therefore, it is absolutely normal that in some cases there could be a difference of views. We do not view this as a matter of conflict or [word indistinct]. We think everyone is entitled to his own opinion.

NICARAGUA

ORTEGA ON CONTADORA SOLUTION TO AREA TENSION

PA170451 Managua Radio Sandino in Spanish 0000 GMT 17 Jul 85

[Text] Nicaragua expects the Contadora Group to take the necessary steps in its next meeting to put a definite end to U.S. intervention threats against the Sandinist revolution, President Daniel Ortega Saavedra said to the Mexican newspaper EL DIA.

President Ortega added that conditions are right so that in the next meeting on 21 and 22 July, the representatives of Mexico, Colombia, Venezuela, and Panama may find a way to deal with or lessen the tensions in Central America.

ORTEGA, WHEELOCK AT AGRARIAN REFORM CEREMONY

PA170450 Managua Radio Sandino in Spanish 0000 GMT 17 Jul 85

[Text] More than 600,700 manzanas of land were distributed among the peasants from all regions of the country during the Agrarian Reform Day main ceremony held in Masaya. The ceremony was presided over by President Daniel Ortega. Jaime Wheelock Roman, commander of the revolution and agricultural development and agrarian reform minister; government officials; special guests; and mass leaders also attended the ceremony.

Commander Wheelock said in his speech that after 6 years of agrarian reform, the revolutionary government has distributed 2,200,400 manzanas of land among the peasants, who belong to 68,900 families. He also said that despite the cournterrevolutionary actions to sabotage the country's production process, the peasants have responded by increasing their production.

WHEELOCK ANNOUNCES INCENTIVES FOR AGROEXPORTS

PA171550 Managua Radio Sandino in Spanish 1200 GMT 17 Jul 85

[Text] Commander of the Revolution Jaime Wheelock Roman, agricultural development and agrarian reform minister, yesterday announced new incentives for the production of agroexports that include payment in foreign currency, the allocation of work vehicles, and material goods such as agricultural supplies. He indicated that a round of talks begins today with the various productive sectors in the country in order to establish the program of incentives. The National Planning Council will also study proposals of the producers to establish specific measures to encourage production.

Commander Wheelock Roman said that the incentives program will have an effect on the efficiency levels in production and that its main objective is to encourage the producers. The products that the incentives program will include coffee, cotton, meat, tobacco, milk, rice, and corn.

RAMIREZ WARNS THREAT OF U.S. INVASION CONTINUES

PA171716 Managua Domestic Service in Spanish 1507 GMT 17 Jul 85

[Interview with Vice President Sergio Ramirez Mercado by unidentified reporters, following his visit with Father Miguel D'Escoto; place not given -- live or recorded]

[Text] [Question] Are you going to visit Father Miguel again?

[Ramirez] Yes, we are very pleased to visit him daily.

[Question] Some have tried to describe Father Miguel's fast as evidence of a conflict between the Nicaraguan church and the state. What is the status of the relations between the Nicaraguan state and the church?

[Ramirez] I think this has nothing to do with any type of confrontation between the church and the state.

It is his personal attitude as a priest, which we respect and morally support. I think that the enemies of the revolution and of the people are alarmed over this attitude of Father Miguel. For example, the daily LA PRENSA has written venomous articles. Father Miguel's attitude is truly religious, and some who are not true Christians are mocking this type of attitude. This is to be expected, coming from traitors and hypocrites, who are not true Christians.

[Question] We are about to celebrate the sixth anniversary of the Sandinist people's revolution. As the Nicaraguan vice president, how do you analyze our relations with the other Central American countries?

[Ramirez] Evidently, our relations are the victim of tensions and pressure exerted by the United States, and we cannot really say our relations are good. They have deteriorated, precisely due to this pressure, particularly with Honduras, El Salvador, Costa Rica. Our relations with them are not as good as they are with the other Latin American countries. I think we have better relations with Guatemala, which has a more reasonable, balanced, and truly neutral attitude.

[Question] Yesterday the Salvadoran vice president made charges against our Companero President Daniel Ortega, saying that Nicaragua is responsible for terrorism in the area, for disrupting order, and for supporting the FMLN.

[Ramirez] These statements are the result of the pressure, blackmail, threats of the United States against these poor countries that are as poor as Nicaragua and have no means to defend themselves, as we have no weapons. We only have political weapons. We cannot blame these countries, because we know that they are being pressured very heavily by the United States. El Salvador, Honduras, and Costa Rica are under tremendous pressure.

[Question] Companero Vice President Ramirez, is there anything that might lead one to think that the situation in Nicaragua is actually less grave if the U.S. Administration pressures are less serious, then the threat of a direct U.S. invasion has diminished at all? [question as heard]

[Ramirez] No, today we have been reading some reports printed by THE WASHINGTON POST about the antiterrorist commission reports (?to Mr Bush). There are a series of measures planned against Nicaragua, such as military actions, breaking of diplomatic relations, intensifying the economic boycott, all of which leads one to think the situation will keep getting worse as long as we maintain our attitude. We continue seeking peace, in spite of everything that is happening. We continue demanding a dialogue and understanding from the United States, and we are going to continue this until the last moment.

[Question] I think this is an impertinent question, but I have read international news reports to the effect that Nicaragua has one last card up its sleeve and that is that it will ask for the help of countries such as Cuba or the USSR in the event of a U.S. invasion. Could you please comment on that?

[Ramirez] That is a hallucination of those who want to see things differently from the way they really are. The people are the ones who have the last card up their sleeves. They are organized and prepared to defend themselves. We are prepared to defend ourselves in the event of an intervention of any size. It is the will of the people that will defeat the intervention in the same manner that it is defeating the counter-revolution. Thank you.

D'ESCOTO REPORTED IN 'STABLE CONDITION'

PA171919 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 17 Jul 85

[Text] Father Miguel D'Escoto is in stable condition.

[Begin recording] [Unidentified speaker] We are happy to report that Father D'Escoto is in stable condition. Today we took an electrocardiogram, which was normal. This shows that there have been no significant changes or complications. We also took his blood pressure and checked his pulse and respiratory readings. These and all the chemical tests are normal.

As can be expected, Father D'Escoto today is completing 8 and 1/2 days of total fast, and his body is exhibiting some changes in response to it, namely fatigue, linked to the fact he has been standing and speaking loudly or for extended periods of time. [end recording]

Father Miguel D'Escoto held a press conference with members of the foreign press.

[Begin recording] In Nicaragua we have sustained the U.S. Government's state terrorism and its satanic obsession which intends for us to kneel before them and adore them like the golden calf. We are determined never to worship false deities, no matter what their military power or wealth may be. [end recording]

Holds Press Conference

PA171849 Managua Radio Sandino in Spanish 1930 GMT 16 Jul 85

[Text] Father Miguel D'Escoto, who today at 1000 completed 208 days [as heard] of fasting, told the members of the foreign press that he will continue to fast for peace and sovereignty and against the U.S. state terrorism against Nicaragua. Father Miguel, who was today declared foreign minister for peace and sovereignty by the National Committee for Promotion and Defense of Human Rights, spoke before some 100 local and foreign reporters, many of whom represent the U.S. networks that have thus far refrained from reporting the priest's action in response to White House maneuvers to conceal the information from the U.S. public.

The priest made a great effort to hold the press conference, but justified it by stating that he wanted his message to reach all the world's peoples, particularly the U.S. people and those who refuse to see that if the United States decides to invade Nicaragua, a generalized conflict could break out.

[Begin recording] As you know, two Sundays ago I began a full fast of prayer and protest. I am praying for peace and the right to life and protesting the [word indistinct] terrorism that the U.S. Government has launched against our people and that has caused so much pain and so many deaths.

Without attempting to imply in any way that this is something that everyone should do, and on the contrary, insisting that all the efforts that are being made on the various fronts, including the military, [words indistinct] economic, and legal fronts, it came a time during my prayers when I (?sought to stress) that which we have [words indistinct] that certain phenomena can only be exorcised [echados fuera] through fasts and prayers.

In Nicaragua we have sustained the diabolical aggression directed and financed by a superpower. In Nicaragua we have suffered and put up with the phenomenon of state terrorism launched by the U.S. Government. [end recording]

FOREIGN TRADE MINISTER VIEWS EFFECT OF EMBARGO

PA171816 Managua Radio Sandino Network in Spanish 1200 GMT 17 Jul 85

[Text] Yesterday Foreign Trade Minister Alejandro Martinez Cuenca analyzed to the national and international press the effects of the trade embargo that the Reagan administration declared against Nicaragua 45 days ago. Martinez Cuenca said that the embargo has helped the Sandinist government diversify its international market. Within this framework, he stressed that prior to the embargo, the trade between Nicaragua and the United States represented 17 percent of the country's total exports and imports. Now this percentage has been reduced to zero, thereby triggering an accelerated effort to get into other markets.

[Begin recording] More than 63 percent of the total volume of the country's trade during 1984, including exports and imports, took place with West European countries, the United States, Japan, and Canada; 22 percent with Latin America, including Central America; and barely 19.8 percent with the community of socialist countries. Analyzing these figures, we can see the importance of Latin America, West Europe, and the socialist community, as Nicaragua's great foreign trade partners [preceding word in English].

Following the embargo declared by the Reagan administration against our people, the United States, with which we carried out 17 percent of our foreign trade, obviously disappears from the trade figures. However, the amount of trade we continue to have with other markets indicates that despite the U.S. Government's aggressive policy in the economic field, Nicaragua is continuing to maintain its trade position by following a policy of diversification of markets and nonalignment, while at the same time continuing to expand our relations with other countries. [end recording]

Martinez Cuenca added that the trade embargo will have an effect on our economy, but not in the extent expected by the U.S. Government, precisely because our government had already explored other markets.

[Begin recording] The U.S. embargo has indeed had an effect on our economy since 1 May, but never to the extent or with the results expected by the Reagan administration. We have found markets for our exports, and regarding the level of imports previously acquired from the United States, 45 days after the implementation of the embargo, we can say that a high percentage of the products we used to purchase from the United States can be purchased from other countries. A Japanese tractor is as good as a John Deere; an Olivetti calculator can be as good as one made in the United States. Regarding the spare parts, we have made the necessary contacts to buy them from various European countries, both from the socialist and West European sectors, as well as from Latin America. [end recording]

EPS COMMANDER DENOUNCES PRESENCE OF U.S. NAVY

PA180257 Managua Radio Sandino Network in Spanish 0000 GMT 18 Jul 85

[Text] Hugo Torres Jimenez, guerrilla and brigade commander, said today that the presence of 30 U.S. Navy ships off the Pacific coast of Nicaragua, represents pressure on the Sandinist people's revolution and a probable U.S. naval blockade against our country. Commander Torres, who is also director of the Sandinist People's Army [EPS] Political Directorate, reported that the counterrevolutionary groups are planning in the next weeks and months to increase their terrorist activities, occupy villages, and create border conflicts between Nicaragua, Costa Rica, and Honduras.

All this, he added, is to give the U.S. Government justification to increase its aggression against our country. Commander Torres said that Jalapa is the village the counterrevolution would like to seize, because of its geographic position on the border with Honduras, where the mercenaries have their operation bases.

Finally, the revolutionary leader said that the plans of the counterrevolution will be dismantled and annihilated by the military forces of the Nicaraguan people. The EPS has killed 2,300 counterrevolutionaries so far this year, Commander Torres reported. During a press conference with local and foreign newsmen, Commander Torres said that the people's heroic fighters have in recent weeks dealt severe belows to the counterrevolutionary commands of Nicarao, Diriangen, Segovia, and Rafael Herrera. He also said that the EPS also dealt serious blows to the Jorge Salazar Task Force comprised of two regional commands, which was supposed to carry out a very important military operation, according to the high commands of the counterrevolution.

[Begin recording] So far this year, we have dealt blows to the counterrevolution that have left more than 2,300 dead in its ranks. We have dismantled the plans of the Nicarao Regional Command, the Diriangen Regional Command, and the Segovia Regional Command. We have also hit the Rafael Herrera Regional Command hard. In the past week we have been hitting the Jorge Salazar Task Force, which in the framework of the general plans of the Reagan administration against Nicaragua, is playing a very important role.

The Jorge Salazar Task Force keeps trying to establish a base in the central part of Matagalpa Department [words indistinct], which has an important peasant population in which the counterrevolution has been working to try to establish a social base. They have been kidnapping many peasants here. I want to mention that during one of the most important clashes held in this area, we managed to free more than 400 kidnapped peasants being held at a counterrevolutionary camp. This was a very important camp. They had a corral here with more than 1,000 head of cattle. The enemy was planning to establish conditions to remain in the territory and increase its activities in the Departments of Chontales and Boaco.

The objective of the Jorge Salazar Task Force is to try to remain permanetly in that territory from where it can carry out actions against the Departments of Boaco and Chontales. Part of its plan is to control the main highway to the Atlantic zone. We think that [words indistinct] just like the Democratic Revolutionary Alliance [ARDE] forces, it is also trying to maintain its military presence in the northern part of the territory where they have been operating. Their objective is to complement the Nicaraguan Democratic Force's [FDN] plans of which this Task Force is a part, with ARDE's forces, to try to create a difficult military situation for our forces and government in those departments. These departments are of great importance from an economic viewpoint. Both Chontales and Boaco are cattle-raising departments. [end recording]

FIDEL CASTRO REITERATES VIEWS ON FOREIGN DEBT

FL171900 Havana Domestic Service in Spanish 1700 GMT 17 Jul 85

[Text] The foreign debt affecting Third World countries should disappear, Commander in Chief Fidel Castro reiterated during an interview granted to the Mexican newspaper EXCELSIOR. According to Castro, his statements on the need for unity among Latin American countries in the face of the unpayable debt and for a new international economic order are in accordance with Third World interests. In my view, the commander in chief explained, these issues are related to the international economic crisis; I am not referring to any specific country's economic or social system. Castro stressed that the solution to the debt problem calls for the industrialized countries to pay the debt with the banks by reducing their arms expenditures by 12 percent.

Further on, he described United States' manipulation of the information that Cuba is proposing nonpayment of the debt while it is renegotiating its own debt as a ridiculous trick. He explained that Cuba does not owe money to U.S. banks. Some of our debts, he went on, are with Third World countries like Mexico. He rhetorically asked: Should we stop paying Mexico? He stressed that the new economic order must call for solidarity and aid for the less developed countries. All those countries with available resources must contribute to this effort with a certain percentage of their gross national product.

WORKERS CONFERENCE ON FOREIGN DEBT OPENS

FL151643 [Editorial Report] Havana Television Service in Spanish at 1400 GMT on 15 July carries live coverage from Havana's Lazaro Pena Auditorium in the Palace of Workers on the Latin American-Caribbean Workers Conference on the Foreign Debt.

The camera pans the auditorium where 300 delegates are already seated. A side shot of Fidel Castro is shown as he enters the auditorium and goes to the head table. The audience stands and applauds as Castro waves. The audience begins to chant and clap. A frontal shot of Castro standing, with Roberto Veiga and Jorge Risquet on either side of him, is shown while the Cuban national anthem is played.

The camera pans the audience as a taped historical presentation is played. The presentation is accompanied by music, and the camera makes a wide shot of the stage as a troupe of girls begins to dance. Simon Bolivar and Jose Marti are quoted in the dramatic presentation.

A musical presentation follows. The instruments are indigenous to Central America, and a boy in a Pioneer uniform sings. The audience applauds as the boy sings a patriotic song. The camera shows a frontal shot of Castro, Veiga, and Risquet standing and applauding. The presentation is followed by a girl in a Pioneer uniform who speaks from the podium on behalf of the Pioneers. After her short statement, the Pioneers parade through the auditorium singing while the audience claps to the music.

The camera then takes a close-up of an unidentified speaker who welcomes the delegates and introduces Roberto Veiga, secretary general of the Central Organization of Cuban Trade Unions, CTC.

Roberto Veiga begins speaking at 1415 GMT. He welcomes the delegates and mentions that some representatives are absent. Throughout the speech the audience interrupts Veiga many times with applause and standing ovations. Veiga discusses the foreign debt and its impact on Central America. He discusses the Cuban workers' role.

Veiga's speech ends at 1526 GMT, having spoken for 1 hour and 11 minutes. The camera follows Veiga to his seat where Castro greets him with a hug. The announcer reports that the afternoon session will begin at 1900 GMT. Coverage ends at 1528 GMT.

Veiga Speech

FL152117 Havana Television Service in Spanish 1415 GMT 15 Jul 85

[Speech by Roberto Veiga, secretary general of the Central Organization of Cuban Trade Unions, at the Lazaro Pena Auditorium of the Palace of Workers in Havana on 15 July -- live]

[Text] Comrade Commander in Chief Fidel Castro Ruz, comrades in the party and government leadership, dear trade union comrades from Latin America and the Caribbean, comrades in general: How happy and moved we feel in having with us in this auditorium such honorable representatives of the Latin American and Caribbean trade union movement and several guests who deserve our deep respect and consideration. First of all, we wish to express our gratitude over the vigorous response, marked by unity and solidarity, that all the organizations represented here accorded to the announcement of this conference. Dear brothers, receive our strongest and most fraternal embrace. [applause]

There are several absences at this event. In truth, they are few. As is well known, this has not been due to either a lack of willingness or insufficient efforts on our part. Through various mechanisms, although usually with similar methods, efforts were made to keep a group of organizations from attending this conference. Several guests were pressured repeatedly and very strongly. Certain U.S. airlines resorted to the weak procedure of retaining until the last moment the tickets reserved for certain comrades. An institute based in the United States hastily and suspiciously called a trade union seminar on a date that coincided with the date for this conference. We know of all the things done against this event and even the ridiculous, slanderous and inconsistent arguments resorted to. We know who is behind this campaign. We know that in most cases, the pressures and maneuvers emerged from there, from the unsettled and brutal North, which despises us.

They were plotted and nourished by agencies specialized in subversion and diversionism with the complicity of the most reactionary elements among the leaders of a foreign trade union that does not speak Spanish, Portuguese, or even the simple and common English of many of the Caribbean peoples, but is intent on perpetuating the division of the international trade union movement and is characterized by its cave-like and chauvinistic stances.

However, they failed, those who want trade union divisionism to continue, those who want to weaken the workers' increasing struggle in Latin America and the Caribbean. The trade union leaders of the world's wealthiest and most industrialized country have nothing to offer us, as they seek to legitimize the foreign debt problem, hiding its origins and partly blaming our countries for its causes. Those who seek to deceive us by telling us that the debt is payable if the IMF softens the unfair and unbearable conditions it is imposing on us have nothing to offer us. Those who say nothing to denounce that the IMF's adjustment programs threaten our peoples' economic and social future and represent greater dependence and a violation of our countries' national sovereignties have nothing to offer us. Those who view the debt problem by resorting to technocratic simplifications and abstract and general guidelines, unworthy even of the bourgeois theoreticians of the early days of capitalism, have nothing to offer us. Those who raise the banner of the protectionism that suffocates our nations' economies have nothing to offer us. Those who shamelessly endorse and encourage the current U.S. Administration's aggressive foreign policy without taking into consideration the ill-fated consequences for our countries' development and for the sacred interests of peace have nothing to offer us.

Those who approach the debt problem, the unequal exchange terms, the unbalanced exchange rates, the overvaluation of the dollar, the flight of capital, and so many other problems that annihilate our peoples' economies by encouraging positions marked by conciliation and reform have nothing to offer us.

Those who think this way do not have the least moral strength to pressure regional trade unions and organizations in order to keep them from meeting in a broad and representative forum to exchange views on the economic problems that currently overwhelm workers. Naturally, we cannot confuse the corrupt high-ranking bureaucracy of that organization with the entire U.S. trade union movement and workers. We know there are honest leaders and organizations affiliated with it that do not share the reactionary policy of the elements who control that organization. We are sure that among U.S. workers we will increasingly find understanding, support, and solidarity. [applause] They too are suffering from unemployment and other social ills. They too are vitally interested in seeing our countries overcome this crisis, develop, and reactivate international trade. They too are our brothers.

Our enemies failed to achieve their objectives. A total of 46 national central trade union organizations or confederations are represented in this conference along with 129 trade union, professional, or territorial organizations, and 16 peasant organizations. Also in attendance are special representatives of eight international and regional organizations and other guests. In short, this conference has representatives of 191 organizations from 29 countries of Latin America and the Caribbean for a total of 313 participants. [applause]

Many of these organizations are either the most important or are among the most important in their respective countries. All tendencies and persuasions are represented here, all the tendencies and persuasions that exist in the Latin American and Caribbean trade unions. The various political and philosophical currents moving within these organizations have gathered to discuss various topics with absolute respect, freedom, and democratic equality.

It must be noted that in this region there is a very important trade union force. It considers itself independent because it is comprised of organizations not affiliated with any international trade union group. The leaders representing these organizations constitute a majority among the delegates attending this conference. Almost the entire organized trade union movement of countries like Brazil, Argentina, Bolivia, Uruguay, Venezuela, Panama, Nicaragua, and naturally Cuba is represented here. [applause] We have a majority, a significant majority, of the organized trade union movement of countries like Peru, Colombia, Ecuador, the Dominican Republic, Costa Rica, Martinique, Guadeloupe, and Cayenne. [applause] We also have the satisfaction of having here several distinguished and outstanding representatives of the international trade union movement. There is no doubt, dear comrades and friends, that the fact that despite all obstacles and difficulties we have here this large representative group is already the first impressive success of this conference. [applause]

At this event we can assert with infinite satisfaction that the immense majority of the Latin American and Caribbean organized trade union movement is represented here and that we are at the doors of the broadest and most representative trade union meeting in the history of this hemisphere. [applause]

We might ask: To whom should the merit go for making this meeting possible? To Cuba perhaps? Our country and trade union naturally feel happy about holding this event. We have worked enthusiastically and with dedication to hold it. However, we would never be as immodest as to claim this merit.

This merit, and we say this with the utmost certainty, belongs to all of you. You, the delegates and guests to this conference, are the ones who with your awareness, your sense of responsibility, your stance, and your effort have made it possible for us to meet today. The delegates invited to this conference are the ones who, with their loyalty to the working class and their understanding of the terrible problems faced by workers in their respective countries, have understood that the time has come to surmount tactical differences and political and doctrinary positions in order to seek unity concerning something as fundamental as our peoples' right to survival, bread, dignity, and independence. [applause]

It must be noted that our trade unions' feeling of independence and of respect for their own sovereignty is very strong. Their Latin Americanist and Caribbean spirit is also very strong, and this was vigorously demonstrated by the resistance of many trade union leaders in the face of pressures. They said: In spite of everything we are going! And here they are! [applause]

How we are encouraged by these stances! How they bolster the profound vocation for Latin American solidarity and unity of our people and trade union movement! The stance adopted by those trade union members who rejected the divisionist maneuver, that firm, honorable, and classist stance makes them deserving of our highest consideration and greatest respect. However we do not want to either judge or criticize the few trade unions that had expressed their willingness to attend this event but later desist due to pressures or some other reasons. Several leaders of those organizations contacted us to express their regrets over the difficult situation in which they found themselves and asked us to understand the reasons for their absence, expressing their sympathy and support for the objectives of this conference. We do not doubt that the great majority of the trade unions that have not attended this event will identify themselves with the views that will prevail at this meeting. Even more important, they will participate with us in the big battles that may be waged in the future. This is the basic issue.

At a time when we must fight united for the rights of the workers and the peoples; at this decisive moment for our countries' future, when solidarity must be stepped up in order to confront the unbearable foreign debt, the unequal exchange terms, dumping [preceding word in English], protectionism, and other forms of economic plunder employed against both Latin America and the Caribbean; at this truly crucial point, to isolate oneself means to become weaker while engaged in a struggle that we can win only with our solidarity and firmest unity! [applause]

The idea for this conference emerged as an aspiration, a need expressed by many important Latin American and Caribbean trade union leaders. The Central Organization of Cuban Trade Unions [CTC] was not the only trade union convinced of the urgent and important need to hold an event of this type. As you fully realize, especially in the past 2 years, many labor organizations, some of them very important, have called for the adoption of initiatives designed to coordinate the trade unions' actions in order to counteract the consequences of the economic crisis that currently hovers over regional workers and peoples and first among these is the overwhelming and unbearable foreign debt.

Trade union meetings that covered certain tendencies or groups of countries in this hemisphere have already been held. This problem was discussed at several of these meetings, as well as the suitability of holding a conference to coordinate our actions in the fact of the unprecedented challenge we currently face. Several venues were even suggested, and our CTC would have gladly endorsed the holding of this event in any other country. However, the truth is that serious obstacles emerged concerning economic possibilities and, more importantly, concerning the presence of strong social tensions that made it very difficult to organize this event elsewhere.

Taking these circumstance into consideration, the fourth trade union conference for unity and solidarity among Caribbean workers, which gathered last May in Guadeloupe, agreed to propose Cuba as the venue for this conference.

These were the conditions under which our CTU accepted to fulfill this agreement that encouraged us to make the already well-known call to hold this great Latin American and Caribbean labor movement meeting.

We can say that never before had a trade event been organized on our continent with such broad criteria. All existing central and national confederations of this region were invited, regardless of its affiliations, size, political, or philosophical position. The same criteria was used when many labor unions and other organizations were invited. The majority of the people present know it well, because they witnessed the preparatory work done for this meeting.

It had to be this way. This is not the time for trifles or narrow-mindedness. The laborers immediate needs are not the only thing at stake, or our nations' independence and sovereignty. What is at stake, above all, is our peoples' survival. At this crucial time, which calls for our Latin American and Caribbean great fatherland's closest unity, we repeat, at this crucial time, sectarian attitudes could never be explained or justified by history.

Following this train of thought, the CTC will always be willing to participate in any trade meeting organized for the reasons we are meeting today. For us it would not be important who who would call the meeting, or which international trade affiliation they had. That would not be important.

This conference has been inspired on a deep democratic ideal. This is why in this case, we did not consider the use of material prepared in advance, reports, or any kind of document or speech that would influence opnions. We always favored, and it shall be so, that this great meeting, with an open agenda, will alow everyone to express themselves on the subject we are gathered for -- freely, openly, sincerely -- and create a strict respectful climate for each person's positions and opinions. [applause]

We want a sincere, fraternal, and honest discussion, without any kind of pressures or inhibitions. We are convinced that without interfering with each organization's respective positions, with respect for each other's ideas, we can find a great degree of convergence on a problem like the foreign debt, which is the only subject to be discussed by our conference and will unite us all because it affects us all, regardless of our political or philosophical affiliation, whether we are social-democratic, Christians, conservatives, or communists. [applause]

Some countries attending this conference, represented by several trade organizations during the preparatory period, suggested that in order to use time more efficiently and for practical and organizational purposes, each country should select a comrade to speak for all the different organizations. Of course, we appreciated the unifying and positive sense behind this stand. However, as some of the comrades here present know, we have not been inclined to encourage that suggestion. We would not want for the members of some national delegations to fee pressured by this. We want all to speak up, that all who wish to express themselves do so, because we are sensitive to everyone's problems and because all of the people present show solidarity to everyone's problems.

If the 3 days scheduled for this conference are not enough, the CTC has made provisions to suggest we meet 4 days, 5 days, or all the days that are necessary. [applause]

This is the spirit with which we conceived this large trade meeting. The Cuban trade movement comes to this conference with the only strength of its voice and its ideas.

The fact that we are the host country will not give us any privilege or any advantage over the rest of the organizations. On the contrary, it makes us more consequent and careful. With the same loyalty we worked until now, we will work to have this meeting held in an atmosphere of mutual respect, complete freedom of opinions, sense of responsibility, and constructive character which its unitary projection and pluralistic composition requires.

We do not intend to find any kind of resolvent conclusion as a result of this conference's debates. We are interested in openly discussing this problem, which is such a sensitive one for the workers we represent. We are interested in knowing each other better to understand each other better, to favor a variety of agreements, and to work in united way.

By modestly hosting this event, our CTC does not have any personal or national interests. It is known that our workers do not suffer from the great economic and social problems our working class brothers are burdened with in Latin America and the Caribbean. You, the delegates and guests attending this conference, will be able to confirm this directly because you will be able to move freely in our country and will have very close contacts with our working people.

Those who know us are aware that our country is acting for nothing other than the traditional, solidarity, Latin American, internationalist position, which our working class and all our people are known for. We are not pursuing any selfish goal or any narrow and ridiculous national objective. We are not looking for anything for ourselves who are at present, the country with the lowest per capita debt rate with Western banks. We are the country that depends the least on trade with industrialized capitalist powers, only 15 percent. We are the country that has obtained in its economic and commercial relations with other socialist countries and mainly with the Soviet Union [applause], a country that has obtained fair prices, an equal kind of treatement -- the cooperation and advantages in financing conditions, similar conditions, which we claim for all other underdeveloped countries as an expression of a new international economic order.

What motivates us in this struggle is the same feeling that inspires Cuban doctors and other health workers who today serve in over 25 Third World countries, almost always in the most inhospitable regions, combating the most tragic effects of the drought in Ethiopia, helping countries such as Burkina Faso, Laos, Kampuchea, and many others. What else could motivate us if it is not a deep responsibility and duty to mankind and the destiny of our people? What motivates us in this struggle is the same feeling with which 30,000 Cuban teachers spontaneously volunteered when 1,000 were asked to help with the brother Nicaraguan people's education. [applause] When some of those teachers, who worked in the most distant areas of that country, sharing with humble peasants the same shelter and food ... when some of those teachers were cowardly assassinated by mercenary Somozists, paid and armed by the U.S. CIA, 10,000 more teachers from our fatherland then volunteered to teach in Nicaragua. [appluase] What motivated them? Was it an economic interest? Was it an urge for publicity? Was it some obscure conspiracy, the kind our adversaries discover daily? None of that. The only motivation was the internationalist sentiment and that of Latin American solidarity that the revolution has taught our workers and our people. [applause]

If we have an interest that inspires us in this battle, it is our solidarity with our fellow working class and our deep Latin American and Caribbean spirit.

If something is encouraging us, it is the worry for our countries' future. If there is a motive, you can be sure it is our devotion for unity, our solidarity, and internationalist conviction.

Because the hospitable Cuba that receives you with open arms is a result of unity and is a daughter of solidarity. Solidarity which you, laborers who visit us, are a living part of, because we will never forget that during the most difficult years of the revolution, during the unforgettable days of Giron and the October crisis, during the difficult and dramatic days of all the pressures and attacks against Cuba, the Latin American and Caribbean working class went out on the streets, shook up Montevideo, Mexico, Santiago, and many other cities. [applause]

The working class, directed by their trade unions in Latin America and the Caribbean, were prepared to fight and die to defend our cause. Generous blood of workers and students was shed during those days in many brother countries for Cuba's cause. Never, we repeat, have we forgotten or will we forget this. We will never ignore that that great epic has its martyrs in some countries of the region, martyrs who we today register in our fatherland's immortal heroes list. [applause]

Comrades, we do not come to this podium to explain the position assumed by Cuba on the foreign debt problem. We are here to give a warm welcome to the delegations participating in this conference. We come to comment about some circumstances, as we have done, which have arisen around this event. You know Cuba's position. You may or may not agree with it, you may disagree with one or another point. Now, we feel no one who is sane enough could accuse Cuba of promoting social instability, radicalism, and revolutionary explosions, in Latin America and the Caribbean. On the contrary, our attitude is, as it has been explained many times, a realistic attitude, constructive, taking into account in a very special way the priority needs that this continent's countries have in finding practical and urgent solutions to the inevitable economic and social problems that are affecting them. We are not promoting subversion or violence. On the contrary, we appreciate the decisive importance of a political, negotiated, peaceful, wide effort in which there is room for the most varied components of Latin American and Caribbean political and social life, governments, different parties, national businessmen, different kinds of organizations, religious, intellectual, student, patriotic militarymen, and trade union, of course. Men and women in an effort of this type, with all these components, motivated to solve the situation created by the foreign debt, unequal trade, the disastrous competition with subsidized products that industrialized powers make, the selfish policy of blind protectionism they apply, the dollar's overvaluation, and other practices that bury our countries in hunger, unemployment, lack of medical attention, illiteracy, margination, and other social maladies.

What Cuba has pointed out is that if that intolerable situation is not dealt with quickly and adequately, nothing will be able to stop generalized social revolutionary outbursts. We do not like the role of prophets of the apocalypse but whoever studies the Latin American reality today, whoever evaluates calmly and objectively our countries' situation and its future, will also conclude that if these problems are not solved, the future will be catastrophic.

We are absolutely convinced that a historic task, such as the one we face, needs the unification of its workers and of its trade unions.

The unity of peasant organizations is also needed for this task. Without the participation of the masses and without unity, we would be at the mercy of the powerful interests that seek to isolate us, divide us, and weaken us in order to defeat us, in order to easily defeat us as they have done on other occasions.

The united action of the workers' movement is an effort of enormous importance. Only by counting on this can we face the situation created by the astronomical growth of the debt and its mortal effects on the economic and social lives of our countries, advance toward the materialization of the new international economic order, whose base has already been approved by the United Nations but can be perfected, and march toward the economic integration of Latin America and the Caribbean, without which our countries will always appear weak, vulnerable, and unable to occupy the respectful position for which we strive and that we deserve in the world of the future.

The foreign debt and underdevelopment do not constitute isolated problems. They are consequences of the evils that have devastated our region for 5 centuries. To struggle for the adequate solution to these problems is not a simple economic claim, nor can it be an exclusive technocratic affair. To struggle for this is to struggle for our peoples' true national sovereignty. It is to struggle for true economic independence. It is to struggle for development. It is to struggle against the unjust system of international economic relations in which we have lived until now. It is to struggle for survival. It is to open a road toward justice and the structural changes inexorably claimed by our peoples.

Dear Latin American and Caribbean trade union comrades, we are facing a long and difficult battle. This conference certainly will not be its culmination. It will be one more chapter. The results we obtain will be important, even more important, without a doubt, will be the continuation of this process. Hopefully, the debt problem will help us better understand the community of interests that link us and the strength of our unity, leading us to new actions and initiatives, all of which will receive our warmth and support. Hopefully, this struggle will contribute, as it has already, to overcoming those times in which the division of trade unions prospered.

The Cuban working class, its unions, and its central labor organization, dear comrades, receive you today with a fraternal embrace. These are not mere words. Here are representatives of approximately 3,000 rank and file trade unions from Havana, who have come in the name of all Cuban workers to give you the warmest and most joyous welcome. [applause]

What message do they bring? They have come to tell you that we unconditionally unite in and express our solidarity for the struggle and interests of the workers and peoples of Latin America and the Caribbean. They have come to reaffirm that the great homeland of Bolivar, San Martin, O'Higgins, Sucre, Hidalgo, Juarez, and Marti can count, now and always, on our arms and hearts. [applause]

They have come to invite you to see what Cuban workers have achieved as owners and designers of their own destinies, as forgers of a country where there is no unemployment, exploitation, or humiliation to man's dignity. They have come to invite you to visit our factories and judge for yourselves, in direct contact with the masses, the vitality and authority of our revolutionary trade union movement and its role in Cuba. [applause]

They have come to express that in Cuba the factories and all the labor centers are the property of the workers, workers who have obtained the right and acquired the chance to act as proprietors, workers who have weapons in their hands. [applause]

They are prepared to make their ideas come true, to the last consequences if necessary, to defend their factories, their working centers, their freedom, their fatherland, their gains [applause], and the right to shape their future with their working hands.

Our workers are here to tell you of their interest and enthusiasm for holding this conference. An evidence of this, which I would like to underscore here, is that the idea emerged in an absolutely natural and spontaneous way among transportation workers to contribute with voluntary work to pay for the expenses of this conference. [applause] This idea gained strength and extended to other sectors. This is why you have further reason to consider yourselves our workers' guests. [applause]

You have arrived in Cuba close to a very important date for our people, the 32d anniversary of the heroic Moncada feat. [applause] The date 26 July belongs, justifiably enough, to the honorable and heroic history Latin American and Caribbean countries have written to obtain their freedom and independence. What this date represents also pertains to you. This is why we want to invite you, from the bottom of our hearts, to share with us this 26 July in Guantanamo. [applause]

We invite you to be part of the happiness with which Cuban workers welcome this commemorative day of revolutionary commitment. We commemorate this historic anniversary at a time when we all feel we are writing history. This conference we are opening today tells us, your presence here tells us, the repercussions that this meeting may have tell us, the feeling of unity and solidarity and the sense of responsibility toward our countries which we feel in this auditorium tell us. We do not doubt it, we will be at the level history expects from the organized trade union movement of Latin America and the Caribbean.

Fifteen years ago, a Uruguayan journalist and writer described in an important book the tragedy suffered for centuries by our continent, from colonization to the present day, and he called Latin America the region of open veins. We will bleed no longer. The time has come to act. For the first time, opportunity and initiative are ours. Whether those veins end up empty or life finally circulates through them with the hope of a different future for our countries is up to us.

Long live solidarity among all Latin America and Caribbean countries! [crowd shouts: "Viva!"] Long live fraternal unity among all workers of our continent! [crowd shouts: "Viva!"] Long live the common action and democratic agreements of the entire Latin American and Caribbean organized trade union movement! [crowd shouts: "Viva!"]

Thank you very much, dear comrades. [applause]

ESPIN READS CASTRO MESSAGE AT WOMEN'S CONFERENCE

FL170122 Havana Domestic Service in Spanish 2300 GMT 17 Jul 85

[Text] Cuban President Fidel Castro's message to the participants of the conference of the UN Decade of Women has been read in session by the head of the Cuban delegation, Vilma Espin. The conference is being held in Nairobi, capital of the African Republic of Kenya. Around 4,000 delegates from 157 countries are participating.

Commander in Chief Fidel Castro's message says that the objectives of the women's decade express the hunger for justice of not only millions of women but of all mankind. Elsewhere, it says that Cuba is attending the discussions and evaluations of those goals with the assurance of having made great efforts to achieve them, which is made evident by the economic and social realities of the Cuban people.

More on Message

FL170102 Havana Domestic Service in Spanish 2130 GMT 16 Jul 85

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has sent a message to the women of the world who are participating in the UN world conference being held in Nairobi and its text is as follows:

To the women of the world, participating in the world conference on the UN Decade of Women:

The international community received the announcement of the UN Decade of Women with great expectations, wishes, and hopes. Its goals deciphered the hunger for justice, not only of millions of women, but of all mankind represented by women and, furthermore, the decisive role they are called upon to play in the destiny of humankind over the face of the earth.

Cuba attends to the discussions and evaluations of those goals with the assurance of having made great efforts to reach them, as it corresponds to a socialist country. It has been made evident by economic and social relations which have continued to elevate and exalt the situation of women in our country and are a result of the work, talent, and consciousness of our entire people.

I have the deepest conviction that this cause is insurmountable. Receive once more the token of my respect and admiration.

RODRIGUEZ MEETS WITH SPANISH INDUSTRY DELEGATION

FL131315 Havana Domestic Service in Spanish 1100 GMT 13 Jul 85

[Text] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, has met in Havana with Eduardo Santos, Spain's under secretary of the Industry Minister. Santos is heading a delegation composed of Industry Ministry officials and a representative of a group of Spanish industrialists.

RODRIGUEZ ADDRESSES ECONOMY INSTITUTE GRADUATES

FL131304 Havana Domestic Service in Spanish 1100 GMT 13 Jul 85

[Text] Carlos Rafael Rodriguez, Politburo member and vice president of the Councils of State and Ministers, has made the closing remarks at the first graduation ceremony of bachelor's degree holders' in economy management held at the Higher Institute of Economy in Havana. Rodriguez announced that the institute will be named after Ernesto Che Guevara, in acknowledgment of the educational center's achievements.

ANNIVERSARY OF SANDINIST VICTORY COMMEMORATED

FL171952 Havana Domestic Service in Spanish 1600 GMT 17 Jul 85

[Text] The sixth anniversary of the victory of the Sandinist revolution was commemorated last night with a ceremony at AALAPSO headquarters in this capital. AALAPSO Secretary General Rene Anillo, University of Nicaragua Rector Humberto Lopez, and other Nicaraguan and Cuban officials presided over this event.

JUDGES STRIKE IN DOMINICAN REPUBLIC 'WORSENS'

FL172229 Havana Domestic Service in Spanish 2030 GMT 17 Jul 85

[Text] A judges strike to demand better salaries and the judicial branch's independence worsened today when the conflict paralyzed the administration of justice in the Dominican Republic due to a radicalization of the Bar Association's position.

Bar Association President Fernando Hernandez Diaz on Tuesday accused the authorities of assuming a provocative stand by refusing to hold an effective dialogue on the conflict. Hernandez Diaz made this statement after leading in Santiago, the Dominican Republic's second leading city, a singular march of judges who, marched through the city's major streets shouting slogans, wearing their judicial robes.

The Bar Association, which is sponsoring the strike, plans to step up its measures on Friday, when the current suspension of court activities is slated to conclude, Hernandez Diaz has announced.

COMMENTARY ON CHILEAN REGIME'S 'REPRESSIVE' ACTS

PA162322 Havana International Service in Spanish 2310 GMT 15 Jul 85

["Our America" commentary]

[Text] General Pinochet's regime depends not only on the police, security, and military corps to carry out the most bizarre repressive measures, but also on fascist paramilitary groups that roam freely about with the dictatorship's approval and protection. The existence of these groups, which have kidnapped, tortured, and killed a large number of democrats, has been denounced in writing on some walls of the city.

At least seven women have been kidnapped, tourtured, and raped by men whose identity has not been established and who apparently are trying to intimidate judicial branch officials, clergymen, and human rights defenders. Marcela Pradera, a 19-year-old law student who collaborates with a Catholic humanitarian organization, was kidnapped twice in late June. The kidnappers tortured and threatened to kill her if she continued working for the church organization. The same thing happened to a fellow student, Christian Quinonez. Also kidnapped a few days later was Mirta Navarrete, 46, the wife of a judicial branch official, who is investigating the death of a university student after he was arrested by Carabineros in Concepcion. She was tortured and threatened with death if her husband continued the investigation. Despite the threats, her husband has continued with the investigations. On the other hand, the attorney who was handling the case abandoned the case because he received death threats from paramilitary groups.

Paz Macagua, 27, a biochemistry student and university leader, was kidnapped in early June by armed civilians who beat, raped, and threatened to kill her if she reported what had happened. Paz Macagua, a member of the Communist Party, said women who have been struggling on behalf of human rights have been the main victims of these atrocities.

However, the paramilitary groups do not only take actions against the leftist groups. On 19 May, the wife of Claudio Vidal, a Chilean Christian Democratic leader, was kidnapped by civilians who tortured and burned her with lighted cigarettes to find out about her husband's activities and about other persons opposed to the regime.

A few days before, psychologist Carmen Andrea Hallet, daughter of a former Chilean cabinet member and sister of a communist leader, was held for 24 hours by a paramilitary group in a secret place in Santiago, which looked like a police station.

Doris Cifuentes, 30, who works for a leftist organization working for defense of human rights, was also the victim of a similar aggression.

In addition to all these crimes, we must add the death of three professionals in May in Santiago and, after spending 8 years in exile, the arrest of Rafael Ruiz Moscatel and Carlos Rojas Arquero, Socialist Party members who reportedly have been put in torture cages in a Santiago prison.

Msgr Santiago Tapia, vicar of solidarity, has sent a letter to Interior Minister Ricardo Garcia, in which he reports that these actions have been occurring since the beginning of the year. In his letter, Msgr Tapia says the persons who commit these crimes have all the facilities to carry out their actions and are not afraid to be caught. As a matter of fact, Msgr Tapia added, these actions have been carried out in broad daylight in public places and in front of many people. He also said these groups have been seen in vehicles during curfew hours.

Despite the political, economic, and social crisis, the Chilean military regime has increased the most bizarre repressive measures against those who dare protest in defense of democratic principles and justice.

BULGARIAN OFFICIAL ARRIVES FOR ECONOMIC DISCUSSIONS

FL171959 Havana Television Service in Spanish 1700 GMT 17 Jul 85

[Text] Comrade Andrey Lukanov, Bulgarian Communist Party Politburo alternate member and deputy chairman of the Bulgarian Council of Ministers, arrived this morning at the Jose Marti International Airport. Antonio Esquivel Yedra, Cuban Council of Ministers vice president, and Petur Marinkov, Bulgarian ambassador to Cuba, welcomed Lukanov. Lukanov heads the delegation that will be attending the 18th session of the Bulgarian-Cuban Commission for Economic, Scientific, and Technical Cooperation.

CONTINUED DRINKING WATER SHORTAGE ANNOUNCED

FL172017 Havana Domestic Service in Spanish 1400 GMT 17 Jul 85

[Text] Here is an announcement concerning the water supply: The command post for the distribution of water in Havana wishes to report that the basins' water levels continue to drop so that only 67 percent of the water needed has been supplied. This situation is created by the continued drought. Even if it were to begin raining regularly and abundantly, no less than 1,700 mm of water would have to fall during the next 2 months in order for the sources to begin recovering. This process would take 30-45 days.

For all these reasons, there will be less water during the next 2 months. The plan implemented seeks to distribute existing amounts in organized fashion. The command post reiterates that although certain areas in the capital never received water through the aqueduct system, with the present shortage other zones may be similarly affected. Special efforts are being made to supply containers with water to these zones.

EMERGENCY PLAN FOR PORT WORKERS ESTABLISHED

FL171344 Havana Television Service in Spanish 1100 GMT 17 Jul 85

[Text] Havana port workers have reiterated their disposition to work from Monday-Sunday, day and night, in response to the call formulated by the Communist Party of Cuba. Cuba's major port already has an emergency plan for the rest of the month and for the second quarter.

RAUL CASTRO PRESIDES OVER GRADUATION CEREMONIES

FL151523 Havana Domestic Service in Spanish 1100 GMT 15 Jul 85

[Text] Army General Raul Castro presided in Havana over the graduation ceremonies of the students of several military training centers. The graduating classes have been named after the 32d anniversary of the attack on Moncada Barracks. Castro was accompanied by several Politburo members and alternate members, Secretariat and the Central Committee members, and FAR generals chiefs, and officers.

SECRETARIAT'S CROMBET ON ENERGY SAVING CAMPAIGN

FL171630 Havana Domestic Service in Spanish 1600 GMT 16 Jul 85

[Text] Jaime Crombet, member of the party's Central Committee Secretariat, said last night that the saving of 225,000 tons of oil during the year's first semester is one of the successes of our country's energy conservation campaign. Crombet said this as he opened the "Energy Under the Revolution" exhibit in the Cuba Pavillion. The exhibit reflects our country's development in the energy area. Joel Domenech, member of the Central Committee and president of the National Energy Commission, was also in attendance.

PEDRO MIRET PRESIDES OVER SPARE PARTS MEETING

FL172345 Havana Domestic Service in Spanish 2130 GMT 17 Jul 85

[Text] The manufacturing and refurbishing of spare parts has increased its values amounting to over 238 million pesos during the first 6 months of 1985, representing a 10.4 percent growth compared to the same period last year. This was reported at the spare parts commission meeting held in Havana. The assessment meeting presided over by Politburo member Pedro Miret Prieto, underscored that 99.1 million of the value comes from refurbishing. All provinces and organs fulfilled this plan except the Public Health Ministry.

CIENFUEGOS WORKERS PLEDGE FOOD PRODUCTION

FL171519 Havana Television Service in Spanish 1100 GMT 17 Jul 85

[Text] Humberto Miguel Fernandez, Central Committee member and first secretary of the party in Cienfuegos, received a pledge from the province's agricultural and forestry workers' trade union and the National Association of Small Farmers, to produce 1,792,000 quintals of food and 420,200 of vegetables in 1986.

JAMAICA

SEAGA DISCUSSES AREAS OF JAPANESE ASSISTANCE

FL171850 Bridgetown CANA in English 1706 GMT 17 Jul 85

[Text] Kingston, Jamaica, July 16, CANA -- Jamaica says it wants to see greater Japanese involvement in its commercial and industrial sectors.

In a speech to Japan's National Press Club yesterday, Jamaica Prime Minister Edward Seaga disclosed that discussions were taking place with Nippon Telegraph and Telephone Corporation for the possible establishment of a high-speed satellite data transmission service linking Jamaica with important markets. In a report of his speech, the Jamaica News Agency, JAMPRESS, said Seaga also mentioned areas of assistance in which Japanese firms are involved here, such as the cement company and the Jamaica Public Service (JPS) company, electricity suppliers. According to Seaga, Japan's Overseas Economic Cooperation Fund (JOECF) support for coffee expansion projects and the new JPS power barge amounts to U.S. 70 million dollars.

UNIONS STAND BY ULTIMATUM SERVED TO SEAGA

FL172010 Bridgetown CANA in English 1647 GMT 17 Jul 85

[Text] Kingston, Jamaica, July 17, CANA -- Five major Jamaican trade unions, which joined the government-aligned Bustamante Industrial Trade Union [BITU] in a nationwide strike last month, say that they stand by the seven-day ultimatum served on Prime Minister Edward Seaga which expires today.

The five, responding to the BITU, which publicly dissociated itself from the ultimatum served on the government, said that they do not accept the BITU argument. The BITU had said that because the prime minister was out of the country on business, it did not see the sense of an ultimatium being served on him.

The five, however, said that whether the prime minister is here or not does not affect the business of the country as his deputy is able to make decisions.

The unions want to discuss several issues including wages and the thousands of layoffs in the public sector.

ST LUCIA

TRINIDAD AND TOBAGO RELAXES TRADE RESTRICTIONS

FL171527 Bridgetown CANA in English 1349 GMT 17 Jul 85

[Text] Castries, St Lucia, July 17, CANA -- Trinidad and Tobago has relaxed some of its restrictions on trade with St Lucia and will allow the importation of some garments for a limited period, the St Lucian trade minister announced. George Mallet, who is also deputy prime minister, said the move followed bilateral talks.

In the past two years, trade between the two states declined sharply, particularly in the export of local garments, because Trinidad and Tobago introduced a licensing arrangement for Caricom exports. Port-of-Span also this year announced specific measures to protect its garment industry.

At a meeting with the principal exporters to the Trinidad and Tobago market Monday, Mallet disclosed arrangements for removing some of the obstacles which impede the free entry of St Lucian exports. He said under the new arrangement, all exporters to Trinidad and Tobago are to submit detailed information on orders and pending applications for licences for the period ending December 1985. The ministry will in turn submit St Lucia's requirements for the period to the Trinidad and Tobago authorities.

Mallet said: They have made it very clear that they would allow imports up to a certain quantity, adding that given Trinidad's commitment to protect its domestic industries, all applications will not necessarily be honoured. Mallet said ladies' undergarments and men's shorts continue to be sensitive goods, but some export trade will continue with the understanding that guaranteed access will not be indefinite. They made it clear, too, that this would be an interim arrangement, particularly for undergarments, and we should get our exporters to try and diversify into outer garments which have a ready market in Trinidad but, in respect of other goods, they did not anticipate too much of a problem.

The minister said he had been informed that all outstanding applications for licences had been cleared. However, he said we did point out to them that it is not only the issue of the licence that is important, but there must be some coordination of the Central Bank to permit the ECOS (forms) to issue the foreign exchange for payments of these goods. Mallet said they agreed they would relate with the bank so that there would be no holding up of the new arrangements for freeing up trade. The minister said there was potential for trading in agricultural products and said Trinidad and Tobago would issue licences for the importation of fish from St Lucia.

TRINIDAD AND TOBAGO

PRESS CRITICIZES CHAMBERS' 4-NATION TOUR

FL171519 Bridgetown CANA in English 1304 GMT 17 Jul 85

[By Debra Ransome]

[Text] Port-of-Spain, Trinidad, July 17, CANA-- Trinidad and Tobago's Prime Minister George Chambers is taking a battering from the local press over his current four-nation tour, but has scored at least one morale-boosting victory. On the first leg of the tour, the government announced agreement with Britain's Imperial Chemical Industries (ICI) to set up a U.S. 155 million dollar methanol plant. The government and ICI will each own 30 per cent of the shares in the 1,500-tonne capacity plant billed to start operating in South Trinidad in 1988, with the rest held by the unnamed foreign institutions.

The deal was announced at a time when the English-speaking Caribbean's wealthiest state is trying to diversify its troubled oil-based economy and increase exports. As part of its strategy, the administration has once again moved into the market for foreign investment and new export sources.

But morning newspapers here have taken a dim view of Chambers' chances of coming up with lucrative trade and investment deals during the month-long tour that also includes South Korea, China and India. The SUNDAY GUARDIAN newspaper predicted the tour would be an unproductive, highly expensive flop. The SUNDAY EXPRESS wondered what Prime Minister Chambers was really up to in the Far East. Is he searching for intellectual stimulation from his meetings with the leaders of these inscrutable people, it asked. Or does he really believe, as he would undoubtedly want us to believe, that he will return home, his briefcase bulging with numerous trade agreements between Trinidad and Tobago and the Governments of China, South Korea and India?

Trinidad and Tobago has been buying several million dollars worth of Far East goods, but its sales to the region are small. South Korea exports about U.S. 7 million dollars worth of goods to Trinidad and Tobago yearly, but its imports from the twin-island state are estimated at only half that figure. China enjoys a big trade surplus with the Caribbean Republic. It exported goods worth TT19 million dollars (one TT dollar: 41 U.S. cents) here in 1981, 28 million dollars in 1982 and 32 million dollars between January and June 1983. Trinidad and Tobago's exports to China were worth 5,600 dollars in 1981, 45,000 dollars in 1982, and a mere 9,000 dollars the following year.

The interest here in the Far East has been deepening since President Reagan allowed a host of goods produced in the Caribbean duty-free access to the American market under the Caribbean Basin Initiative. Trinidad and Tobago and its neighbours are trying to encourage Far Eastern businessmen to set up companies here or to enter joint ventures with local counterparts, mainly to export to the United States.

Chambers told bankers and financiers in London this month:

We seek to encourage joint ventures between the local private sector and foreign investors and to not rule out the possibility of further joint ventures involving the government, where dictated by circumstances. He added: We are satisfied that in the longer term the combination of our energy resources, well-developed physical infrastructure, and demonstrated technical and industrial capability will place us among those countries which are manufacturers of a wide range of products for the international markets of the future.

If the export-investment thrust is successful, it will mean not only more jobs -- and unemployment here is officially estimated at 14 per cent, up from 11.9 in 1982 -- but more foreign exchange for a country which in recent months has clamped down on imports to check the rapid decline of its reserves. After the oil boom years of the 1970's, unemployment here worsened with a downturn in the economy, triggered largely by lower demand for Trinidad and Tobago's oil.

The economic picture, however, has been improving. Trinidad and Tobago registered a favourable balance of trade of TT464 million dollars for the first four months of this year. The figure was just 3 million dollars short of the surplus recorded for the whole of 1984. Minister in the Finance Ministry Anthony Jacelon also reported a drop in the rate at which the country was losing its foreign reserve -- last estimated at 2.6 billion dollars.

The search for foreign investment also represents a perceptible shift in the policy of the government which massively expanded the state industrial sector in the oil boom years, but has since been seeking foreign participation in some areas, notably steel.

Chambers heads a big government and private sector delegation by West Indian standards that includes his Foreign Minister Errol Mahabir, Industry Minister Wendell Mottley, and several businessmen. The group, numbering more than 40, is the largest ever to go on such a tour, the SUNDAY GUARDIAN said. The government's political opponents and the press have been worrying about the cost of the long tour. But Jacelon said it was too early to determine the cost. Whatever it is, he will be hoping that the tour will justify the expenditure, even if Prime Minister Chambers does not return carrying a briefcase bulging with contracts.

WPA DENIES CONNECTION WITH ARMS FOUND BY POLICE

FL172332 Bridgetown CANA in English 2252 GMT 17 Jul 85

[Text] Georgetown, Guyana, July 17, CANA -- Guyana's state-owned radio and newspaper today reported that police had found arms and ammunition in a Georgetown house which had been used by persons connected with the small left-wing Working People's Alliance (WPA). But the WPA tod the CARIBBEAN NEWS AGENCY it had no connections with any place where arms and ammunition were reportedly discovered.

Chairman of the WPA's political bureau, Rupert Roopnarine said the Guyana authorities were trying to frame the party to smash a well-received campaign aimed at getting fair and free general elections. The government has repeatedly been accused of rigging elections -- charges it has emphatically denied. Roopnarine charged that the government fears nothing so much as the open, lawful, non-violent struggle of the people, such as the liong walk campaign which is attracting strong support from our hard-pressed population.

Reports of the alleged arms discovery were carried by the government-controlled CHRONICLE newspaper and radio. But Roopnarine said no WPA members had been questioned by police or had had their homes searched in connection with the discovery. He also alleged that government was trying to find an answer to a letter the WPA recently sent to political parties here, calling on them to publicly declare their opposition to the use of violence in Guyana's political affairs. He said the authorities might have been trying to implicate the WPA so as to make use of a controversial national security act giving the security forces the right to detain persons without charges brought in cases where the democratic institutions were jeopardised.

PNC YOUTH NOT TO ATTEND MOSCOW FESTIVAL

FL161350 Bridgetown CANA in English 2119 GMT 15 Jul 85

[Text] Georgetown, Guyana, July 15, CANA -- Following a rift between the youth arms of Guyana's two main political parties, only the Marxist opposition People's Progressive Party (PPP) will have representation at the 12th World Festival of Youth and Students which begins on July 27 in Moscow. The 20-member team leaves Thursday for Havana en route to Moscow, a spokesman for the PPP'S Progressive Youth Organization (PYO), said today.

The Young Socialist Movement, (YSM), youth arm of the ruling People's National Congress (PNC), has withdrawn from the festival expressing unhappiness about the decision of the organisers to divide Guyana's delegation equally between the YSM and the PYO and other PPP affiliate groups. Political sources said the YSM believed that as the ruling party's youth arm, it should be given at least 75 percent of the representation. The sources also pointed to the traditionally close ties between the PPP and Moscow. The YSM, whose chairman was head of the National Preparatory Committee, later issued a statement saying Guyana will not have an official delegation at the festival. Guyana will not be participating in the 12th World Festival of Youth and Students in Moscow, scheduled for July 27 to August 3rd, because of loose arrangements made by the International Preparatory Committee for participation by the local delegation, the release from the preparatory committee said. Committee Chairman James Bovell-Drakes said the decision was taken with regret, but that the arrangements would not have allowed the delegation to contribute meaningfully or to participate effectively in the festival.

The delegation from Guyana comprises representatives from Guyana which are from various groups including the PYO, the German Democratic Republic (GDR) Youth Commission, the National Student Council, and the Trade Union Youth Movement (TUYM).

DOMINICAN REPUBLIC

DROUGHT CAUSES $70-MILLION AGRICULTURAL LOSS

FL171626 Bonaire Trans World Radio in English 1130 GMT 17 Jul 85

[Text] The Dominican Republic has lost an estimated $70 million in agricultural damages due to a recent drought there. The government estimate came as the drought ended yesterday morning, only hours after Air Force planes bombarded the clouds with granulated salt, producing rain and showers. A tropical wave over Puerto Rico was also expected to provide some relief to the country, which has suffered water shortages for over a month.

URUGUAY

BROAD FRONT REJECTS MILITARY INTERVENTION

PY171348 Montevideo Radio El Espectador Network in Spanish 1030 GMT 17 Jul 85

[Text] Last night, the Broad Front issued a declaration in reply to the letter from Army Commander in Chief General Hugo Medina regarding the statements made by Broad Front Senator Jose German Araujo. The Broad Front states the following:

First: The Broad Front rejects any type of intervention by any Armed Forces representative in the political field because, within our constitutional order, they have no authority in this area.

Second: The Broad Front refutes all charges of sensationalism as well as any links to procedures allegedly intended to alter the current institutional order which the Broad Front has always defended and will continue to defend relentlessly.

The Broad Front reiterates its full support for Senator Araujo's position in defense of human rights and true democratic values.